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U.S. Reshapes Policy Against A-Proliferation

By Terence Smith
WASHINGTON — The Reagan administration plans to announce shortly that while it is committed to halting the spread of nuclear weapons abroad, the United States will be a "clearly reliable and credible" supplier of nuclear technology for peaceful purposes.

This policy is contained in an eight-point set of guidelines that has been prepared by the State Department and submitted to the White House. The White House is expected to issue the list before a meeting July 20-21 in Ottawa of the leaders of seven industrial nations. The spread of nuclear weapons will be one of the items on the agenda.

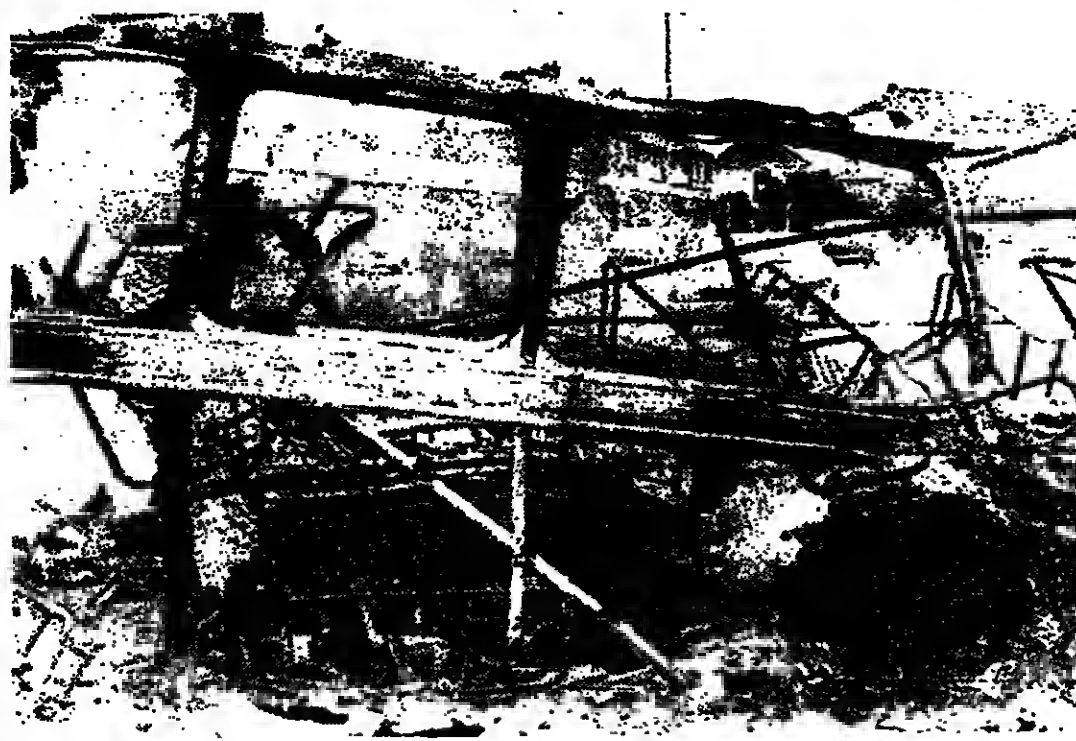
Although the guidelines are couched in the most general of terms, administration officials said, they reflect a stronger commitment to nuclear nonproliferation than was contained in Mr. Reagan's campaign rhetoric last year and in the pro-nuclear transition paper prepared by his advisers. The new guidelines will restate many of the essentials of the Carter administration's policy, but they will place greater emphasis on cooperation with other nuclear suppliers in preventing the spread of sensitive nuclear technology and materials to the Third World.

Vietnam Accuses U.S. of Collusion

UNITED NATIONS, N.Y. — Vietnam accused the United States on Wednesday of being in collusion with China to "set up trouble" throughout Southeast Asia with arms of subversion and armed provocation.

The charge was included in a note from Vietnam's delegate, Ha Van Lam, to UN Secretary-General Kurt Waldheim, explaining Hanoi's decision not to attend next week's Cambodia conference in New York. The Vietnamese envoy said the conference was "doomed to failure."

Sixty-four countries, including the United States and China, so far have agreed to attend the conference, aimed at getting Vietnamese troops out of Cambodia and then arguing for democratic elections. Vietnam, the Soviet Union and 23 other countries announced they would not take part.



A bus was hijacked and burned in the Andersonstown area of Belfast in the violence that followed the death of Joe McDonnell, an Irish Republican Army hunger striker, at the Maze prison.

Hunger Striker Dies; Ulster's Cities Erupt

BELFAST — Rioters unleashed a torrent of firebombs, bullets and homemade hand grenades on British troops and police in Northern Ireland on Wednesday after the fifth death of an Irish nationalist hunger striker in two months.

A 16-year-old boy was shot to death by soldiers, and a half-dozen other people were wounded in separate attacks in Belfast and Londonderry in the worst eruption of violence in the province since the first four hunger strikers died in May.

Joe McDonnell, a 30-year-old Irish Republican Army guerrilla, died at 5:11 a.m. in the hospital wing of the Maze prison at the start of his 61st day without food, the British government said. His 29-year-old wife, Goretti, and two sisters were at his side.

His death appeared to dash hopes that Roman Catholic mediators would be successful in their six-day effort to negotiate an early end to the protest against the British, which has captured worldwide attention.

Humphrey Atkins, Britain's Northern Ireland secretary, told the seven surviving hunger strikers at the Maze that the government would consider no concessions until the protest was called off. He said the hunger strike "far from bringing about changes, has in fact rendered movement impossible."

The Northern Ireland Office said Mr. McDonnell "took his own life by refusing food and medical attention for 61 days." Sinn Fein, the outlawed IRA's political arm, said Mr. McDonnell "was murdered by the British government because he refused to surrender his principles as an Irish republican."

Sinn Fein announced that Mr. McDonnell would be replaced in the hunger-strike campaign by Patrick McGeehan, 25, jailed for 15 years in January, 1975, for his part in the bombing of Belfast's Europa Hotel.

The Irish Commission for Justice and Peace, which has been attempting to mediate between the British government and the Maze prisoners, charged that the government had lost a real chance to end the hunger strike. Dermot O'Mahony, auxiliary bishop of Dublin, told reporters the government had promised to send an official Tuesday morning to the Maze to clarify the basis of what might have been a solution. The official did not go until Wednesday morning. The government denied any time schedule had been agreed on.

Michael Alison, deputy secretary of state in charge of Northern Ireland's prisons, said in a radio interview: "We don't yield to coercion. The government cannot have a pistol held to [its] head."

He held out the possibility that the prisoners might eventually be able to wear their own clothes whenever they wanted, a chief demand of the protesters. But he said, "The great difficulty arises when the issue of own-clothing is exalted into a great symbolic issue."

Mr. McDonnell's body was taken from the prison to his home in Belfast's Andersonstown district, Sinn Fein said. It said he would be buried Friday with IRA military honors beside his friend and fellow guerrilla, Bobby Sands.

Mr. Sands launched the hunger strikes March 1 in a bid to force the government to grant what amounts to political status to Irish nationalist guerrillas jailed in Northern Ireland. Mr. Sands, who was elected to the British Parliament from his prison cell April 9, died May 5 in the 66th day of his fast.

Handgun Charges
Mr. McDonnell was jailed in September, 1977, for 14 years on a charge of illegally possessing a handgun. Within hours of his death, gangs of youths, many of them masked, attacked police and troops in Catholic areas of Belfast and Londonderry. Dozens of buses, trucks and cars were hijacked and set alight to form blazing barricades, police said.

Mauroy Details Plan For French Takeovers

By Jonathan Kandell
International Herald Tribune

PARIS — Prime Minister Pierre Mauroy of France spelled out the bulk of his Socialist government's legislative program Wednesday, including the nationalization beginning this autumn of a dozen major industrial groups and the further extension of state control over banking.

Because the Socialists have a majority in the National Assembly, Mr. Mauroy's proposals are assured of easy passage. His speech to the legislators contained almost no surprises, sticking carefully to the program backed by President Francois Mitterrand during his recent election campaign. The chief interest in Mr. Mauroy's presentation was his attempt to give reasons, guidelines and a timetable for the nationalization of private industries, per-

haps the most controversial aspect of the Socialist economic reforms. The French franc weakened further against the U.S. dollar in currency trading Wednesday. The dollar surged to 5.87 francs in late European trading, topping the previous day's level of 5.78 francs.

In his speech, Mr. Mauroy insisted that private enterprise would continue to dominate the French economy and that state control would not be expanded beyond the industrial groups cited in the legislative program. He divided these groups into the following four categories:
• The Dassault aircraft company, makers of the Mirage fighter-bombers, will be quickly brought under state ownership, as will the arms-production division of Maury, a large, diversified electronics manufacturer. The justification offered by the government is that the

making and sale of weapon systems should not be left in the hands of private industry.
• The two main private steel producers, Usinor and Sacilor, also will be speedily bought out by the government. Mr. Mauroy defended this move mainly on the grounds that the world steel crisis has left these companies on the verge of collapse, threatening the jobs of tens of thousands of workers. The prime minister pointed out that these two producers are already heavily indebted to the state. He said that the government intended to restructure them to assure their future competitiveness.

• Five large industrial groups — including the CGE electrical equipment manufacturers; Pechiney-Ugine Kuhlmann, a leading chemical company; Rhone-Poulenc, a textile-chemical firm; Saint-Gobain, a widely diversified industrial group; and Thomson, the electronics giant — will be the next targets of state control. But foreign private investors will be able to keep their minority shares in these groups.
• Three remaining groups — CIL-Honeywell Bull, a French-U.S. computer company; ITT's French interests; and the largely West German-owned Roussel-Uclaf chemical and pharmaceutical company — will probably be the last to be nationalized because of the large shares owned by foreign interests. But Mr. Mauroy indicated that negotiations to achieve French state control over these groups would begin immediately.

The prime minister did not give any estimates of how much these nationalizations would cost the government, nor did he indicate how payments would be made.
No List of Banks
The prime minister did not specifically list the banks that would be nationalized. The major banks are already state-owned. Mr. Mauroy said that the government would not touch foreign banks or the large cooperative banking groups that account for more than a third of deposits. He also said that small regional banks in private hands would be considered on a case-by-case basis. An added note that the nationalization of larger private banks would exclude their holdings in industries that are not earmarked for state control.

One of the main reasons given by Mr. Mauroy for the extension of state control in banking was to ensure that small and medium-sized companies have equal access to credit on the same terms offered to larger enterprises. Mr. Mauroy sought to portray the nationalization of industrial groups and banks as a continuation of De Gaulle's program in the immediate aftermath of World War II to bring certain economic sectors under government control. The strong performance of some of these state-owned firms, like Renault, Air France, and the big three banks — Societe Generale, Credit Lyonnais and Banque Nationale de Paris — is often cited by leftists as evidence that properly managed state companies can be as competitive as private enterprises.

But the Socialist government's (Continued on Page 2, Col. 3)

On the chances for negotiation, Mr. Mitterrand said that Soviet proposals to freeze the SS-20 force at current levels represent "a start to discussions" and added that the Russians are gradually retreating on the issue. "They have already changed their initial position. It is a tough game in which there can be no weakness, in which you must know when to arm and when to negotiate," he said.

Government Concerned
Senior officials in the West German party said Mr. Mitterrand's appeal appeared to be aimed particularly at the left wing of Mr. Schmidt's party, which feels an ideological kinship to France's Socialist Party. The stance of the recently elected French Socialist should also reinforce Italy's decision to accept the missiles.

France does not participate in NATO military activities and so is not concerned directly by the planned U.S. missiles. But Mr. Mitterrand decided to speak out, French foreign-policy officials said, because the French government is concerned by the rise of European neutralist movements, particularly in West Germany.

In public statements, French leaders have singled out Britain's pacifists for criticism, but French concern, officials said privately, actually focuses primarily on neutralists. (Continued on Page 2, Col. 4)

Support Given
By saying that Europe needs to install new weapons without waiting for the outcome of arms control talks, Mr. Mitterrand sought to give political support to Mr. Schmidt in West Germany and leaders in other European countries — Belgium, Britain, Italy and the Netherlands — where 572 U.S. medium-range missiles are to be installed.

Strong anti-missile factions in Belgium, the Netherlands and West Germany contend that

Mitterrand Supports NATO Missile Plan

By Joseph Fitchett
International Herald Tribune

PARIS — President Francois Mitterrand has given strong public backing to the Atlantic alliance's controversial plan for a new generation of U.S. nuclear missiles in Western Europe to compensate for a Soviet military advantage in Europe.

In an interview with the West German magazine Stern, he stressed that the West will have to deploy new weapons before it can reasonably expect the Soviet Union to negotiate arms-control concessions.

The French position is expected to help West German Chancellor Helmut Schmidt answer criticism of the North Atlantic Treaty Organization plan among leftist members of his own Social Democratic Party. Mr. Mitterrand's comments were timed to appear before a French-West German summit meeting this Sunday.

The interview will be reassuring for U.S. policymakers disturbed by Communist members in the French Cabinet. Mr. Mitterrand criticized the Soviet Union and called for Western rearmament to compensate for Soviet military programs.

He told Stern: "The installation of Soviet SS-20 [missiles] and Backfire [bombers] has upset the military equilibrium in Europe. I will not accept this, and I agree that we must arm to restore the balance. At that point, we should start negotiating."

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An army spokesman said John Dempsey, 16, was killed when troops fired on a gang of hooded men launching a gasoline attack on a bus depot in Andersonstown. Two soldiers and a police officer were slightly wounded when a homemade hand grenade exploded in the midst of a patrol. The IRA's Provisional wing claimed responsibility.

Police reported at least a half-dozen sniping attacks in West Belfast. The IRA said its men fired 16 shots at a joint army-police post. (Continued on Page 2, Col. 5)

Begin Claims Success On Israeli Coalition

TEL AVIV — Prime Minister Menachem Begin said Wednesday that he had gathered around him a 61-seat parliamentary bloc that, although slim, would enable him to form Israel's next government.

"Yes, I think I can say we have a 61 members of parliament who are ready to support the government. I am about to form." He told a panel of interviewers on Israeli television.

Formal negotiations for a coalition in Israel's 120-seat Knesset (parliament) can begin only after President Yitzhak Navon formally empowers Mr. Begin to form a government, probably next week.

Mr. Begin said he hoped he would need less than the 21 days allotted to him by law for forming a coalition. His next Cabinet is expected to consist of basically the same factions as the outgoing team — Mr. Begin's Likud group with 48 seats, the National Religious Party and its breakaway Tami faction, which together have nine seats, and the ultra-religious Agudat Israel with four seats.

He said he had not ruled out of his coalition Moshe Dayan's two-seat Telem faction or the three-seat rightist Tzohar Party. But he said that he did not mind a thin majority.

Afghanistan Earthquake

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Longshoremen in Gdynia, Poland, returned to work Wednesday after a one-hour warning strike.

Polish Dockers Stage a Warning Strike, Threaten General Walkout Over Charter

By Brian Mooney
WARSAW — Polish dockworkers stopped work for an hour at Baltic ports Wednesday and threatened to stage a general strike unless the government met their demands for recognized rights and conditions.

The protest by 46,000 workers in ports from Szczecin in the west to Gdansk in the east halted work on at least 60 ships. It was the country's first big strike for three months.

The dockers were protesting what they said was the government's failure to honor a pledge to grant a port workers' charter on conditions and rights by July 1. A communiqué issued by the strike committee later Wednesday set July 15 as a deadline for the government to accept its demands for a charter.

"Otherwise a general strike of all Polish seaports will take place," the communiqué said.

Walesa's Support
Wednesday's strike was staged with the full support of Lech Walesa, the Solidarity union leader. It occurred as employees of the national airline LOT said that they would go ahead as planned with a threatened four-hour strike Thursday unless the government changed its mind at the last minute.

The announcement followed a meeting at which employees voted overwhelmingly in favor of a walkout, a LOT spokesman said. The airline employees are protesting the government's refusal to recognize the election of a general manager by a workers' council.

The government says it cannot recognize the worker-elected general manager, Bronislaw Klimaszewski, because LOT is part of the country's defense establishment and must be subject to central control.

"We will do everything to avert the strike and are prepared to listen to all constructive proposals," a spokesman for the airline workers' council said. "But for the moment we will settle for nothing less than our nomination."

Polish officials said that a new spiral of industrial unrest could have damaging repercussions at the party congress, scheduled to begin next Tuesday, possibly en-

couraging hard-liners to question the policy of dialogue.

In Ankara, meanwhile, Poland's deputy foreign minister said Wednesday that his country had received \$4.5 billion in aid from the Soviet Union since last summer's worker upheavals prompted economic and political reforms.

Marian Dobrosielski said at a news conference that the money had come in merchandise, hard currency and "some of it as a grant." He said that the Soviet Union had agreed to postpone Polish debts "for several years," and had increased deliveries of essentials like oil, gas and cotton.

In Warsaw, spokesmen for the small autonomous trade-union movement were quoted Wednesday as saying that Thursday's threatened airline strike could prove one of two non-Solidarity union groups that emerged after last summer's labor revolt.

Their warning was published by the Solidarity Warsaw news bulletin, which countered: "The notion that a four-hour airline strike could provoke intervention is an

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Toxic Shock Illness Called Widespread

By Harry Nelson
Los Angeles Times Service

LOS ANGELES — Toxic shock syndrome, the puzzling illness associated with women who use tampons, is now believed by scientists to be far more widespread than originally thought.

Persons of any age or either sex with such diverse conditions as an infected toe, a sore throat or boils are now seen as possibly having different versions of the sometimes fatal illness that has come to be called toxic shock syndrome.

Within the past two months, researchers at two universities have reported discoveries of toxins, made by the common bacteria Staphylococcus aureus, that they believe may be the cause of toxic shock symptoms.

The toxins are called exotoxins, a class that includes some of the most poisonous substances known. Example of other exotoxins are those responsible for botulism, tetanus and diphtheria.

The symptoms of toxic shock include vomiting, diarrhea, high fever, low blood pressure, a rash, and shock.

Absorbent Brands
When toxic shock was first reported on widely, about a year ago, it was closely associated with women who were menstruating. Later, epidemiologic studies associated the condition even more closely with women who use tampons, especially super-absorbent brands.

But Dr. Patrick M. Schlievert, a University of Minnesota microbiologist who is a pioneer in studying toxic shock and who discov-

ered a bacterial toxin that may be its cause, is among those who are convinced that the popular image of the toxic-shock victim is much too narrow.

Dr. Schlievert said he has examined samples of material from hundreds of patients, male and female, with a wide variety of problems that do not fit the previous concept of toxic shock but who nevertheless have the illness.

Some of the samples were sent to Dr. Schlievert by Dr. Shirley Fannin, chief of communicable diseases for the Los Angeles Department of Health Services.

"Toxic shock is not just a vaginal disease and not just a female disease," Ms. Fannin said. The tampon connection is important but is not an exclusive requisite for toxic shock, she said.

Throat Infections
One Los Angeles patient was a young man who acquired an infection after he was injured in a bicycle accident. Another had a carbuncle on the knee. Other cases were presented as throat infections or the bone inflammation called osteomyelitis.

Not all these cases were among the 1,211, including 87 deaths, officially reported as toxic shock by the Centers for Disease Control in Atlanta. The center's definition of toxic shock requires that a patient have all the symptoms previously listed for the syndrome.

But Dr. Schlievert, like most other researchers in the field, believes the definition should be relaxed to reflect more accurately

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# U.K. Police Contain Rioting by Youths in Manchester, London

**LONDON** — In the fifth straight day of rioting in England, unemployed teen-agers rampaged in North London and Manchester early Wednesday but police quelled the outbreaks before the flare-ups reached the proportions of last weekend's violence in Liverpool.

The police said about 500 black youths looted dozens of stores and hurled bottles, bricks and chunks of concrete at policemen in the North London district of Wood Green. Four persons were injured, including one man who had his throat slashed and another who was stabbed. The ambulance service reported Scotland Yard said 40 stores were broken into and 50 persons were arrested.

In Manchester, 12 stores were set on fire and firefighters were stoned by groups of black and white teen-agers, the police said.

Police reinforcements were moved to each trouble spot and managed to contain the violence, which followed three days of rioting in Liverpool and battles Friday between whites and Asians in West London. No police injuries were reported in the latest violence, in contrast to the weekend rioting in Liverpool, in which more than 200 policemen were injured.

### Thatcher Speaks

Prime Minister Margaret Thatcher said Wednesday she was "horrified" by the scale of violence in Britain's cities. She said there must be a concerted community campaign to halt it, "or violence will destroy everything we value."

"The law must be upheld, people must be protected," she said in a nationwide television appeal. Mrs. Thatcher scrapped a sched-

uled speech on Britain's unemployment crisis — about 2.6 million people are out of work — to deal with the major outbreaks of looting by gangs of black and white youths.

Police blamed criminal behavior and a copycat element rather than race for the rampages in London and Manchester. "What happened there horrified us all," Mrs. Thatcher said of the Liverpool outbreak. "A thousand policemen embattled in one of our great cities, with 200 injured and riot shields and CS (tear) gas needed to defend the very men to whom we turn for protection."

"Each one of us, parents, grandparents or teachers, whether we have a job or not, whether we are black or white, whatever else we may argue about — we have this in common," she said. "We know that violence will destroy everything we value."

### High Unemployment

The government is becoming increasingly concerned about levels of unemployment among young people. Hundreds of thousands of school leavers will be without jobs this summer, and this will bring unemployment close to 3 million.

The trouble in Manchester, a Midlands industrial center 180 miles (290 kilometers) northwest of London, started at about 3 a.m. Gangs of youths hurled gasoline bombs and other projectiles at stores and fought with police.

Manchester Police Chief James Anderson rejected suggestions the violence was racially inspired. It was about 200 black youths who rioted "because most of the young people in this area are black youngsters," he said.



French Prime Minister Pierre Mauroy stood at the podium Wednesday to address the National Assembly. Louis Mermaz, president of the Chamber of Deputies, is seated behind Mr. Mauroy.

# Mauroy Spells Out Industry Takeovers

(Continued from Page 1)

nationalization program is at cross-purposes with moves elsewhere in Western Europe, particularly in Britain and Italy, to reduce state involvement in the economy as inefficient and inflationary. In France also, under former President Valéry Giscard d'Estaing, an effort was made to cut government participation and guidance in industry.

Mr. Mauroy said that the state could be effective in making industries more efficient, pushing them into new technology, and expanding the possibilities of employment.

"We are not forgetting that the largest part of French industry will remain in the domain of private enterprises," said the prime minister. "It will be largely their responsibility to create the wealth and to export."

Mr. Mauroy emphasized that with 1.5 million unemployed, the creation of new jobs would be one of the main goals of the government. He linked an expansion of employment to a reduction of the workweek and earlier retirement, which he said would open up new posts for younger people coming into the labor market. He reiterated that the government intended to move quickly to create more than 210,000 jobs in the public sector.

The prime minister insisted that public spending would be kept

"under strict control" and that the government would make "a determined fight against inflation." The bill for the economic reforms, he said, would be footed by additional taxes on those at the higher income levels.

Mr. Mauroy blamed the "heavy legacy" of past conservative governments for the country's economic shortcomings. He was repeatedly interrupted by the jeers of center-right legislators, who in turn were drowned out by applause from the heavy Socialist majority.

Losing his temper at one point because of catcalls from conservatives, the prime minister shouted back: "I can understand your feelings. It is hard to be in the opposition. We were in the same position for 23 years."

# Mitterrand Publicly Backs Plan for Nuclear Missiles

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The French approach has changed, the officials said, because the Socialist government wants to terminate France's reputation for equivocation on sensitive foreign-policy issues.

Mr. Giscard d'Estaing muted his criticism of Soviet policy, he added, because he hoped his silence would induce the French Communist Party to help keep him in power. Mr. Mitterrand, whose Socialist Party has gained at least temporary dominance over the French Communists, has cut back French political cooperation with Moscow until Soviet troops leave Afghanistan.

In the Stern interview, which Mr. Mitterrand reviewed before publication, he was asked whether he agreed with President Reagan that Communism is declining. "Communism feeds largely on the political mistakes of the West. If the West makes fewer mistakes about its workers and about the Third World, that will accelerate the decline of international Communism," Mr. Mitterrand said.

# Polish Dockers Walk Out, Threaten General Strike

(Continued from Page 1)

insult to our allies and common sense."

The PAP news agency also quoted the autonomous union as saying that a strike by LOT, which would ground domestic flights and delay international flights, could have "consequences opposite to those intended."

The token stoppage by port workers took place after last-minute peace talks between a Solidarity delegation and the new minister of maritime economy broke down in the early morning.

The Paris news agency said two Mujaheddin supporters were arrested in Azerbaijan province on Sunday and Monday.

More than 140 people from Mujaheddin and other secular, Marxist and nationalist groups supporting Mr. Bani-Sadr have been officially reported executed in Iran since he was removed from office.

New Foreign Minister Hossein Mousavi said in an interview with Tehran radio, meanwhile, that he would seek to strengthen Iran's ties and diplomatic representation with Asian and Islamic nations at the expense of links with the West.

"We shall move in the direction of cutting down our embassies in Western countries," Mr. Mousavi said. "We shall leave only enough staff there to deal with student affairs and other necessary matters. We shall concentrate on establishing intensive ties with other Moslem nations."

A Foreign Ministry spokesman said, without giving a reason, that the government had decided to downgrade diplomatic relations with South Korea to the charge d'affaires level and send all but three South Korean diplomats home.

### Reuters Closes Bureau

**LONDON** (Reuters) — Reuters withdrew its three correspondents from Tehran after being ordered by the Iranian authorities to close its bureau there. They arrived in Istanbul from Tehran on Wednesday en route to London.

The discovery of two new *S. aureus* toxins opens the possibility of a diagnostic test and an antitoxin for toxic shock.

Scientists have not yet determined whether the two toxins are the same. Dr. Schlievert said he found his toxin in all the proven toxic shock cases he studied, and Dr. Bergdoll has found his in about 95 percent.

Dr. Schlievert said a patient should be classified as having toxic shock if the toxin is present, together with fever, in a patient in which no other bacteria or virus can be identified. He said the toxin has the capacity to suppress the individual's immune system.

# Court in France Backs Return of Basque Suspects

(Continued from Page 1)

PAU, France — A French court ruled favorably Wednesday on requests for the extradition of three Spanish Basques accused of murder, but it opposed the extradition of six others facing lesser charges.

It was the third time in less than a month that French courts had ruled in favor of extraditing Basques to Spain, reversing a trend of refusing such requests.

The final decision, however, remains with the government of President Francois Mitterrand.

During last week's visit to Paris by Premier Leopoldo Calvo Sotelo of Spain, the French agreed to crack down on Basques carrying out attacks across the border into Spain, but there was no indication the French were prepared to soften their opposition to extradition.

The Chinese news agency reported a reference Monday by Larry Speakes, a White House spokesman, to the "government of Taiwan." The official agency said the phrase was a "big retrogression" for the White House.

The remarks of Mr. Speakes are both ludicrous and stupid," the agency said in a report from Washington.

Mr. Speakes was attempting to discount reports that the United States intends to alter its "unofficial" relationship with Taiwan, which Peking considers a part of China.

The news agency carried a separate commentary lambasting the United States for supporting Israel, South Africa, South Korea and Taiwan.

# Young Chinese Warned About Sexual Dallying

**PEKING** — China's leaders warned the nation's young people Wednesday against the sexual revolution and told them that the "altitudes of passion" should be kept securely shut until marriage.

It is regrettable that some young people take a nonchalant attitude and treat their loves as objects to be disposed of at will," an article in the official Peking Daily newspaper said in an effort to check a wave of sexual permissiveness among China's young.

The article charged that some youths "lose control of their sluice gates of passion" soon after they are engaged to be married, "prematurely overstepping the bounds of premarital relations," and that others "even use love as the pretext to dally with the opposite sex."

# China Party Conciliatory To Religions

U.S. Churchmen See Move to Gain Support

By James P. Serber

**PEKING** — The Chinese Communist Party has turned to religion to help build popularity for its modernization policies, and the result has been "renewed vitality" for religious groups throughout China, a New York-based delegation of U.S. religious leaders said here.

The party's tolerance of religious practice in the past few years, a reversal of policies before 1976, has resulted in a surge of religious activity not only among older Chinese believers but also among younger people denied exposure to various faiths since 1949, the group reported Tuesday.

"China takes the pragmatic view that religious believers must feel satisfied with their status if they are to be energetic supporters of the party's program for the modernization of Chinese society," the delegation said Chinese officials told them in meetings in Peking.

### Religious Freedom

The delegation represents the Appeal of Conscience Foundation, founded in 1965 to support religious freedom, especially in Communist countries. The foundation's president, Rabbi Arthur Schneier of New York's Park East Synagogue, announced that it would sponsor two fellows next year from the Chinese Academy of Social Sciences to study religious life in the United States.

The agreement was made with the academy's Institute of World Religions in Peking, which was closed during the Cultural Revolution and resumed research in 1978.

The U.S. delegation, which in addition to Mr. Schneier included one Roman Catholic and two Protestant clergymen, arrived in Peking as the Communist Party reaffirmed religious tolerance in an assessment of its first 32 years of rule.

"It is imperative to continue to implement the policy of freedom of religious belief," the party assessment said. "To uphold the four fundamental principles does not mean that religious believers should renounce their faith but that they must not engage in propaganda against Marxism-Leninism and Mao Tse-tung thought and that they must not interfere with politics and education in their religious activities," the assessment said.

Both Communist and non-Communist diplomats have said they believe the Communist Party's new tolerance to be rooted in two goals: the need to curry favor with as many sectors of Chinese society as possible in an effort to rebuild the party's prestige, and the need to use churches, temples and other religious institutions as tourist attractions for earning foreign exchange.

After a six-day stay in Peking, the New York group said its members were encouraged by the reopening throughout China of many churches, temples and shrines; the government's printing in Chinese of 106,000 copies of the Koran; and printing of a Protestant Bible in Chinese that will total 385,000 copies.

# Court in France Backs Return of Basque Suspects

(Continued from Page 1)

PAU, France — A French court ruled favorably Wednesday on requests for the extradition of three Spanish Basques accused of murder, but it opposed the extradition of six others facing lesser charges.

It was the third time in less than a month that French courts had ruled in favor of extraditing Basques to Spain, reversing a trend of refusing such requests.

The final decision, however, remains with the government of President Francois Mitterrand.

During last week's visit to Paris by Premier Leopoldo Calvo Sotelo of Spain, the French agreed to crack down on Basques carrying out attacks across the border into Spain, but there was no indication the French were prepared to soften their opposition to extradition.

# Admiral Linked To Lodge Probe Resigns in Italy

(Continued from Page 1)

**ROME** — Italy's military chief of staff, Adm. Giovanni Torrisi, resigned Wednesday after his name was linked to a Masonic lodge that prosecutors claim was a state within the state.

Adm. Torrisi was suspended last month after investigators found his name on a list allegedly showing the members of the Propaganda Due lodge, or P-2.

Prosecutors have charged that the P-2 lodge has been involved in tax evasion, bribery and the fake kidnapping of Michele Sindona, the convicted Italian financier. The lodge's membership list reportedly included many names from Italy's political and military establishments.

Italian newspapers on Wednesday said an alleged CIA report and records of bank accounts in Switzerland were among documents seized from the 25-year-old daughter of Licio Gelli, the lodge's fugitive leader.

Police stopped Maria Grazia Gelli on Saturday after she flew into Rome from Nice. They found a batch of documents hidden in a her suitcase.

# Power Out in Montreal

(Continued from Page 1)

**MONTREAL** — A power failure knocked out electric power for most of Montreal Island during the morning rush hour Wednesday, affecting an estimated half-million homes and businesses.

# WORLD NEWS BRIEFS

## Israelis, Rightists Clash With Irish in Lebanon

**BEIRUT** — A joint Israeli-rightist militia patrol clashed with an Irish battalion of the UN peacekeeping forces Wednesday just north of the Israeli border, a UN spokesman said.

He said the patrol was halted by the UN battalion when it tried to infiltrate into the buffer zone near the village of Baraashit, five miles (eight kilometers) north of the frontier. There were no immediate reports of casualties, and the fighting lasted only 30 minutes, the state-run Beirut Radio said.

The radio added that "all kinds of weapons were used in the clash." It was the third such incident involving the peacekeeping forces in Baraashit in the past week.

## Pope's Doctors Say His Virus Is Under Control

**ROME** — Pope John Paul II's doctors said Wednesday his virus is under control and he is able to sit up in an armchair and take walks through the corridors of the Gemelli Hospital.

Dr. Emilio Tresanti, chief medical officer of the hospital, said the 61-year-old pope occasionally has a slight fever but the cytomegalovirus, an infection with symptoms similar to mononucleosis, is under control. He said the pope would have more tests Friday and another medical bulletin on his condition would be released Saturday.

The pope must have another operation to reverse the intestinal bypass, or colostomy, that doctors performed on him after he was shot in the abdomen. No date has been set for that operation.

## Guerrillas Reportedly Capture Afghan Town

**NEW DELHI** — Anti-government guerrillas have captured the important Afghan town of Gulbazar, north of Kabul, and appear to control much of the countryside in Kabul and Parwan provinces, Western diplomatic sources said Wednesday.

Gulbazar's bazaar area was destroyed when rebels wrested the town from the control of government forces last week, and there were many casualties, the sources said.

Western and other diplomatic sources said that fighting was continuing in Parwan province, which includes Gulbazar. The rebels also appeared to take control of Parwan's capital, Charikar, each afternoon, they said.

## Toll Rises to 231 in India Moonshine Disaster

**NEW DELHI** — The death toll mounted to 231 Wednesday night in one of India's worst bootleg-liquor disasters, in the southern city of Bangalore, the United News of India reported.

The agency reported that another 124 persons were listed in critical condition in Bangalore's government-run Bowring and Victoria hospitals. Authorities arranged a mass burial of 50 desiccated victims.

The Karnataka state government appointed a judicial commission of inquiry and ordered the arrest of all bootleggers. Bangalore police seized 78 gallons (300 liters) of methylated spirit from underground distilleries.

## Salvadoran Troops Sent to Stop Rebel Buildup

**SAN SALVADOR** — A thousand soldiers were sent to battle a major force of leftist guerrillas surrounding a hydroelectric plant that generates half of El Salvador's electric power, military commanders said.

A column of troops left Tuesday from the garrison in Ilobasco, 35 miles (56 kilometers) northeast of the capital, in a bid to break a rebel buildup around the Cinco de Noviembre dam farther north, local commanders said.

Meanwhile, a judge said only three persons were wounded during a 15-hour gun battle at the end of last month at the port city of La Unión, buttressing guerrilla claims that the battle was faked by the government to convince U.S. military advisers in the city that more aid was needed.

## Former Amin Aide to Stand Trial for Murder

**KAMPALA, Uganda** — Robert Astles, who was one of Idi Amin's top advisers, was committed to Uganda's High Court Wednesday to stand trial for the murder of a fisherman. If convicted, he could face the death penalty.

The British-born Mr. Astles, 57, has been in prison since he was extradited from Kenya in June, 1979, two months after the Amin regime fell. Mr. Astles said Wednesday that he "had been treated well both at prison and by the court," but he appeared to have lost more than 20 pounds during his captivity.

Marshal Amin named Mr. Astles a major in the Ugandan Army, and the Briton purportedly organized the secret police. Mr. Astles was also in charge of Uganda's anti-smuggling unit, and it is alleged that he killed the fisherman during an anti-smuggling operation on Lake Victoria in May, 1977.

## Africa's Sanwi Seek King As Link to Their Heritage

**By Susan Linzee**

**KRINJABO, Ivory Coast** — The words on the blue cloth wrapped around the massive old tree in the center of this village say literally in the native language: "We need someone."

To the people of Krinjabo they mean: "We want our king."

The tree, the gathering place for elders in this village deep in the forest of the southeastern Ivory Coast, was planted about 150 years ago by people who moved west from what was then the Gold Coast (now Ghana) to escape slavers, soldiers and tax collectors.

The question of a king for the Agni Sanwi, as the people of Krinjabo and the surrounding region are called, is a sensitive one. It almost led to secession in the late 1950s when the Sanwi considered leaving the French colony of the Ivory Coast to join the newly independent republic of Ghana.

The Ivorian government of President Félix Houphouët-Boigny has apparently agreed in principle to the seating of a new king, but it would prefer that the Sanwi embrace republican practices.

"It's not that we don't respect Houphouët-Boigny, but a king is important to our sense of community, to remembering who we are," said Pierre Katche, an Ivorian businessman who was born in Krinjabo.

Krinjabo is the center of the Sanwi group of the Akan culture, a large body of people who live on both sides of the Ivory Coast-Ghana border. The Akan produce much of the cocoa and coffee that account for their countries' wealth. They are known for a love of gold, a fierce spirit of independence, and loyalty to traditional kings.

The last king of the Sanwi died two years ago. One of his heirs is an officer in the Ghanaian Army; the other is a lawyer in London. The officer is reportedly willing to assume the kingship. Now the people of Krinjabo have to find the money to build him a residence.

Mr. Katche, 50, and Assamian N'Douba, 43, grew up in Krinjabo but left to find work. Mr. N'Douba returned, and is one of the most successful cocoa and coffee planters in the region. Mr. Katche lives in Abidjan, the capital, two hours' drive to the west, where he owns a garage and several apartment buildings.

Almost every weekend he is back in Krinjabo, strolling down the sandy streets with his friend, Mr. N'Douba, and talking with other influential men in the village about how to make life better there and what to do about the king.

# U.S. Readies A-Guidelines

(Continued from Page 1)

siderations are often a basic factor in this decision.

● Emphatic support for the 1970 Nonproliferation Treaty and the Treaty of Tlatelolco, which established a nuclear-free zone in South America.

● Strong support for the International Atomic Energy Agency and its system of safeguards against the conversion of nuclear power and research facilities to weapons purposes.

● Cooperation with other nuclear supplier countries in preventing the transfer of sensitive technology and material to nonnuclear countries where such transfers carry a risk of proliferation.

● Maintenance of a high level of intelligence capability, including the possible upgrading of satellite capacity, to detect weapons-related activity.

● A pledge by the United States to be a clearly reliable and credible nuclear supplier to countries that observe international safeguards.

● The adoption of a predictable policy toward the retransfer of U.S.-supplied spent fuels to third countries for reprocessing where no proliferation threat is involved.

### Alitalia Pilots on Strike

**ROME** — A strike by Alitalia pilots blocked most of the state-owned airline's domestic and international flights Wednesday. The strike was called for 24 hours to press demands for salaries and benefits almost double what the pilots now receive.

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## Reagan's Choice for the Court

President Reagan has chosen a woman for the Supreme Court — and more. Other presidents have had the will, or the opportunity, but never both. Give him credit, as the National Organization for Women does in calling the appointment of Sandra Day O'Connor a victory. The nation's highest court, which remained segregated by race for a century after the Civil War, is a male club no more.

Give the president credit also for honoring his own campaign promise. Not the cheap pledge that he would soon name a woman justice, but the assurance he gave after the Republican platform called for naming only judges who "respect traditional family values and the sanctity of human life."

He would not be so straitjacketed, he said, but would, as presidents are entitled to do, seek jurists who shared his philosophy. The right-to-life movement and other extremists are already giving him — and Justice-designate O'Connor — the backhanded honor of opposing the nomination because she showed moderation on some social issues during the period that she served as an Arizona state senator.

Mrs. O'Connor's political record in the Arizona Legislature will surely be aired in the confirmation process. Her total record, we suspect, will show a lawyer, public servant and state court judge of the even temperament and open mind that the nation's highest court deserves.

The president has been fortunate to find in Judge O'Connor a woman of legal talent and public accomplishment as well as the right political bent. Those who know her agree that she is scholarly and smart. She is described as neither as brilliant nor as reactionary as some of the men the president considered. She is a person of ability in a profession still dominated by male achievers.

The retiring Justice Potter Stewart said he admired most a judicial opinion that did not betray the sex of the author. That is a test the brethren of the Court would have flunked as recently as last week. The very presence of a woman in the cloister will have a healthy effect on justice.

THE NEW YORK TIMES.

## Europe Turns Inward

Throughout Western Europe this year the politicians are preoccupied by the rising economic troubles of their own countries. In each of the European capitals, as in Washington, it is the great questions of inflation, deficits and jobs that are the overriding concerns of governments. Perhaps the most important thing to be said about international relations in this season is that none of the prime ministers and chancellors is greatly concerned with them, except where they affect internal economic growth.

West Germany's special torment is the tremendous budget deficit generated by the runaway costs of its elaborate structure of social benefits and pensions. For Americans, the West German example is an unpleasant premonition of the shortfalls that might eventually afflict Social Security and health care systems here. Because of low birth rates in the past generation, the West German population is now aging as the American population will age toward the end of the century.

But West Germany's Chancellor Helmut Schmidt is a Social Democrat who cannot, after all, launch his government on the kind of high-spirited budget-slashing that the Reagan administration is now undertaking. Mr. Schmidt's party does not quite have a parliamentary majority, and he depends on a coalition with the Free Democrats — liberals in the European sense — who think that the budget deficits are dangerous and who are beginning to mutter mutinously. The life ex-

pectancy of the coalition government seems less assured than it did six months ago.

West Germany's distress is, as usual, minor compared with Britain's. There the unemployment rate, which was 6.4 percent a year ago, is now up to 10.6 percent and still rising. Meanwhile, in recent months, the inflation rate has also been rising. Contrary to the design and intention of the Thatcher government's plan, private business has been suffering severe damage while the least efficient of the nationalized industries survive serenely.

France's unemployment rate is a lot lower than Britain's. But President Francois Mitterrand calls jobs the "priority of priorities" and is beginning to draw the smaller European countries into a coalition to push for more jobs. France's inflation rate is already high, but a newly elected Socialist government can hardly join Britain and West Germany in the campaign for discipline and fiscal restraint at all costs. The French pressure for deflation now adds another internal strain to the Common Market.

In the United States, the Reagan administration has given a good deal more attention to its budget than to its foreign policy. The same process, for similar reasons, has gone even further in Europe. The Atlantic countries seem to have entered a period in which governments worry, first of all, about domestic economics and their effects on domestic politics.

THE WASHINGTON POST.

## Guzman's Revolutionary Act

Good for President Antonio Guzman, who set a precedent and started the Dominican Republic with a simple announcement: He will not be a candidate for re-election next year. True, Mr. Guzman promised when he took office in 1978 that he would serve a single term. But never once since the republic was founded in 1846 has any such promise been kept. In Santo Domingo, the peaceful transfer of power is a genuinely revolutionary act.

By making way for an elected successor, Mr. Guzman can appreciably strengthen a still-unsure democratic tradition. And let it also be noted that for all the easy scorn now turned on the Carter administration's human rights policy, it gave vital encouragement to that democratic cause. A coup threatened when Mr. Guzman, in a fair election, defeated a three-term incumbent. Working with the Organization of American States, the Carter

administration was able to keep the Dominican generals in the barracks.

In office, the 70-year-old president delivered what he promised: change without violence. His left-of-center regime coped with the devastation caused by two hurricanes in 1979 and held down the economic ravages of rising energy costs. Though joblessness is still high — about 25 percent — the country's six million persons have seen clear improvement in health services, schools and rural development.

Yet some of that claim could have been made for Rafael Trujillo, for 30 years the republic's tyrant and self-styled "Benefactor." What has distinguished Antonio Guzman's tenure is his scrupulous respect for democracy and his determined effort to leash the ambitious military. That is a formidable legacy, and it should endure, with quiet help from the United States, President Reagan willing.

THE NEW YORK TIMES.

## International Opinion

### West Germany's Rebirth

"The economic miracle of post-war West Germany has been pronounced to be dead again and again. Into this picture of gloom there has burst the annual report on West Germany of the Organization for Economic Cooperation and Development. It states baldly that the German economy is basically strong and goes on to state its reasons. Private fixed investment — as good an indicator as you could wish for of business feeling — is rising faster than in most OECD countries; structural adjustment to the needs of the transformed energy situation has been rapid. The OECD forecasts and the improvement of export performance this year show that the patient is not dead by a long chalk."

— From the Financial Times (London).

### A New Sense in Poland

"... there is a growing hope that the Communist Party congress next week will proceed steadily down the road of 'socialist renewal' which the Kremlin has always claimed to endorse, without dismantling the system. Having pleaded successfully for a balanced representation (of congress delegates), First Secretary Stanislaw Kania must persuade it to elect a balance politbureau — and to do so without playing the Soviet card too openly. And then, of course, his problems really begin. The Polish economy is in ruins and Comecon (communist trading bloc) has neither the ability or the will to give much material aid. Poland, after 12 years of heady political ferment, faces at least five years hard labor to turn the economy round."

— From The Guardian (London).

## In the International Edition

### Seventy-Five Years Ago

WASHINGTON — One significant sign of the importance of the policy of the Theodore Roosevelt administration toward the Trusts is the fact that many New York brokerage firms will open branch houses in Washington next year. The brokers simply find it expedient to get into close touch with Washington affairs so that they can protect themselves and their clients against sudden changes in the market due to attacks on industrial combinations by the administration. The move of the brokers excites apprehension in some quarters. Some fear that every move of the government may be discounted by advance information, as in the cotton leak scandal in the Department of Agriculture.

### Fifty Years Ago

PARIS — Today's editorial in the Herald reads: "There are always people who, midway of a presidential term, will predict that the White House incumbent cannot be re-elected and will find crushing evidence of his loss of popularity. [President Herbert] Hoover has found himself a victim to this traditional depreciation, but not a hopeless victim. Many of the congressional wisecracks did not expect him to show such courage and enterprise as prompted his proposal of a year's suspension of war-debt payments. In this he went straight to the core of the economic situation that threatened vast danger, first to Germany, and then to all countries having wide commercial relations beyond their own limits."



## White House Revives Cold War Obsession

By George W. Ball

WASHINGTON — John Foster Dulles is alive and well and living in the White House. Once again we hear his passionate charge that the Soviet Union is the antichrist threatening civilization with a pernicious doctrine.

The Soviet Union, we are told by President Reagan and Secretary of State Alexander M. Haig Jr., is responsible for all our international troubles — political turmoil in small Latin American countries, turbulence in the Middle East, tribal wars in Africa, and terrorism all over the world. Detente, they imply, is a deceit, strategic arms limitation talks a trap for the unwary. Our only hope is to scar the desert with the MX nuclear missile and mobilize our allies for Armageddon.

So, now once more, we shiver in the icy winds of the Cold War. Diplomacy is for sissies; a resolute America must build more and bigger weapons, while meanwhile amping up its military — no matter how corrupt or repressive — that shouts anti-Communist slogans. I strongly suspect there is a White

House directive requiring that every administration speech include a denunciation of the evil Soviet Communists.

Such an attitude is not a policy but an obsession. Grossly oversimplified, it is also outdated. Whatever the situation 40 years ago, Communism is no longer a powerful evangelist. The new gas has gone out of the ideological balloon. In the Soviet Union today, ideological passion has given way to the need to survive under an inhumane system by graft and deception. Communism is no longer a shining goal; it merely means party control and repression, while the hierarchical levels of advantage and privilege among the apparatchiks mock Marxist claims of equality.

### Earlier Empires

Reflecting the residue of genes, culture and politics left behind by the Mongol invasions of the 13th through 15th centuries, the Soviet Union increasingly resembles earlier Muscovite empires — boorish in its habits and manners, expansionist in its hegemonic ambitions and repressive in its methods. But it is no longer the effective center of a world revolutionary drive.

Yet, if the Soviet Union has become secularized and hence less bound by doctrine, the Reagan administration is itself falling into rigid doctrinal habits that negate diplomacy and, if continued, could destroy any hope of a diplomatic equilibrium. Our incessant and quite gratuitous hectoring of Moscow is alienating our Western allies and encouraging the emergence of an ominous neutralism. Western Europeans — particularly the West Germans — do not view detente as merely an improvement in manners; for them it is an essential precondition to measures that will ameliorate a divided Europe's heartbeat.

If our current blindly reckless course worries our European friends, it should worry us fully as much. The administration seems bent on persuading the Soviet Union that it foresees an unlimited arms race and has lost interest in peaceful working relations. At a

time when Moscow faces a changing of the guard, the administration's noisy posturing strengthens the hands of the military and other aggressive Soviet factions, while our decision to arm China confirms their alarmist suspicions.

From the East and twice in modern times invaded from the West, the Russians pathologically fear encirclement. If we were deliberately to try to incite them to reckless action, our best hope would be to aggravate the Russians' atavistic claustrophobia by threatening a collaboration of their enemies on two fronts.

### Denial of Hope

In its total effect, the administration's current position denies all hope of a better future — or perhaps any future at all. George Kepman has somberly pointed out that we cannot go on forever perverting every scientific breakthrough to the macabre objective of mutual murder without facing an inevitable catastrophe. We have been lucky so far, for we have not yet blown the world up, but it is statistically absurd to think that such luck can last forever if we do not promptly shift direction.

We can halt the nuclear buildup only by agreement — unilateral action would be lunacy — yet the administration seems reluctant even to negotiate. It discloses the futility of its thinking by threatening that, if the Soviet Union should intervene with force in Poland or elsewhere, we would punish it by refusing to negotiate arms limitations.

But how can any rational person treat a mutual effort to gain control over the current arms escalation as a favor we confer on the other side? As though it were something we could afford to deny Moscow by way of a sanction? Must we inevitably go on multiplying our capacity for overkill until some unwholly phasing of the moon leads to the ultimate explosion?

### Very Nervous

"Quite frankly, we worry that if the Russians invade Poland and get away with it, maybe, just maybe, we would be next," a Yugoslav journalist said. "So, officially we say the Poles should solve their own problems without outside intervention. But we think the pressure is mounting. We are reading for the Poles. The situation makes us very nervous."

It is somewhat difficult to detect that kind of anxiety, or any other kind, in this city of 1.5 million, particularly at this time of year.

"If we begin to feel the tension, if we find Belgrade too much, if we don't like something the government has done, if there are shortages, we have an escape," said a woman resident. We have passports good for five years and can pick up and leave anytime. That is a real psychological help. Go. No questions asked. And because we can go, we come back. And that is important."

### Tito Untouchable

If Tito was responsible for economic mistakes that bred some of the current troubles, nobody is saying so. Fourteen months after his death, he remains above reproach.

Tito gets posthumous credit for arranging the "collective leadership" for succession, a rather complex system that so far seems to work. Eight men, each representing a different region, rotate the job of state presidency each year.

"Everyone thought Yugoslavia would be ruined after Tito's death," said Ivan Lovric, the general manager of Borba, the Communist Party's newspaper, "but nothing happened and that made some unhappy. The trouble in Kosovo was designed to destabilize us and damage our image in the world. It will be a problem for us for a long time."

The riots by the Albanian population in Kosovo, the poorest region of Yugoslavia, shook the

## Indications of Hope For U.S. Democrats

By Michael Barone

WASHINGTON — Buried beneath the headlines of President Reagan's great budget triumph were three lesser stories that ought to cheer up disheartened Democrats. They suggest that, although the president has a working majority on budget and economic issues in Congress, and although the basic thrust of his programs remains popular, he will have trouble increasing Republican margins in the 1982 congressional elections and may actually encounter setbacks.

That outcome is by no means certain, but Democrats do stand a better chance than their resounding defeats on the budget suggest.

The first piece of good news for Democrats was the result in a special election in the 4th Congressional District of Ohio on June 25, the same day the president was winning his big victory in the House.

The 4th District is next to the seat occupied by Rep. Delbert L. Latta, the Republican sponsor of Reagan's budget resolution; it is a part of rural and small-town Ohio that has not elected a Democratic congressman since 1936. No one thought the Democrats had a chance there. Yet the Democrat, Dale Locker, came within 400 of 80,000 votes cast of beating the Republican, Michael Orley.

The stormy race by a Democrat in such a Republican district has national implications. Mr. Locker is a local legislator with a conservative record who fashioned his platform to fit the district. Mr. Orley was smug with the Reagan program, and was on the defensive. The president was generally popular, but to be sure, but who would like to be saddled with the task of defending to a crowd of older Ohioans the Reagan proposal to

cut Social Security benefits for retirees?

What happened in Ohio will happen elsewhere. The Democrats, as the "out" party, can adapt themselves to the local terrain. Republicans will have to defend the planks of the Reagan program that are most unpopular in their districts. It is for this reason that the "in" party usually loses congressional seats in non-presidential election years. The Ohio result suggests that the same rule is likely to operate in 1982, provided the Democrats can motivate enough energetic and competent candidates and raise the funds to wage serious campaigns.

The second piece of good news for Democrats is that two influential Republican senators, Paul Laxalt of Nevada and Jake Garn of Utah, have announced their opposition to the plan to deploy the MX nuclear missile system in their home states.

The plan is understandably unpopular in those states, for it would mean ripping up a large part of the terrain, building huge construction camps in the desert and using up lots of water. There is some trepidation, as well, at the prospect of the sparsely populated states becoming nuclear targets.

Usually Sen. Laxalt and Sen. Garn are among the Senate's most enthusiastic backers of big defense budgets, yet they openly oppose this major defense program. No one can say that their opposition is based entirely on local politics. Perhaps they would oppose the MX plan if it were slated for North Dakota.

But people in Washington do not think so. On the MX missile, the Republicans may maneuver themselves out of trouble in Nevada and Utah; the Reagan administration will probably reject the MX proposal finally. But the lesson for the Democrats is that they are sure to be other administration decisions unpopular in local areas that Democrats can capitalize on, if they are aggressive.

The third bit of cheering news for Democrats is a story that attracted a lot of headlines, though its political implications were not explored. This was the Supreme Court's decision upholding Congress' choice of an all-male draft registration system. Almost certainly, generations to come will regard that ruling as a triumph of simple common sense. After all, societies threatened with destruction have, almost without exception, called on men, not women, to protect them.

The court's decision averts what would have been a sticky political crisis for the Democrats. If the court had ruled the other way, there would probably have been a move in Congress to amend the Constitution to allow a men-only draft. Most Republicans would have been pleased to go along. Democrats would have been torn by the demands of women's rights activists on the one hand and the gut feeling of much of the electorate on the other.

### Loosening Touch

One reason Democrats have lost the allegiance of so many middle-class voters over the last decade is that they have allowed activist groups to set their agenda and force them into extremist positions that run counter to what most Americans regard as common sense. Democrats have been forced to respond to court decisions on abortion, busing and other divisive issues. The Supreme Court's decision allows the men-only draft to remain what it should be: an issue that Congress has resolved for the time being in accord with the will of the people — and on which it can change its mind whenever it likes.

So there are reasons for Democrats to be hopeful for 1982. Reagan's triumph on the budget was a dazzling victory. But if the Democrats do not become too dispirited, they still have all the advantages of an out-of-power party.

Their task, in the short run, is to motivate ambitious candidates and money-givers as they did in 1970, when they made gains in congressional elections despite President Nixon's general popularity. The harder job, the assignment for the 1984 elections when the presidency is at stake, is to come up with a national program for governing. This is what the Republicans did successfully during the Carter years.

On that, the Democrats are only, at best, making a beginning. But they will not get far at this difficult task if they cannot summon up enough enthusiasm to field the good candidates they need to take advantage of the natural assets they have as the "out" party, even in the moment of the administration's greatest triumph.

Michael Barone is the co-author of "The Almanac of American Politics" and a vice president of Peter Hart Associates, a Washington polling and political consulting firm. He wrote this article for the Los Angeles Times.

George W. Ball, a former U.S. undersecretary of state, wrote this article for The Washington Post.

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African Notebooks: A Reporter's Reflections on 2 Years and 26 Countries

By Gregory Jaynes

NAIROBI — We were burying three... The Roman Catholic priest had... The priest, however, used a rag to tend his nose...

lages. This out working agriculturally, but 7,600 have primary schools. Literacy rate growing. People pay maximum attention to private plots for crops, minimum to government plots.

of those who plotted to assassinate him. Moreover, Sudan is being carved into states — each with something like American states' rights — and the whole project has the blessings of a president who says his country is too vast to administer from Khartoum.

and Mr. Masuku hadn't managed to get back at all. They were joyful, boisterous on the cusp of a new world. "The white man came here too soon," Mr. Masuku bellowed into the wind.

'There are governments on this continent so fragile that they could be wiped away as easily as spiders' webs...'

I remember we talked a long while about Somalia, how to get there, what you found there. The best way was to catch the 24-hour flight on Saudi Airways from Nairobi to Mogadishu, the capital of Somalia, on Sundays or Thursdays.

ates are warned to stay inside or in groups. Tanzanians made mess of surgery. He finally put together right by Chinese surgeon in Nairobi.

stance, the president is Samuel K. Doe, a 29-year-old Army master sergeant who did not finish high school, but the students chose not to denigrate their leader's lack of education.

The dart game is over. The movers have unarmed me and furled away the map. That leaves the immediate surroundings, Kenya, where, for all its towering modernity, ancient sideshows still abide.



Two boys grope for leftover food after lunch distribution at a kitchen in Uganda.

The priest and I stopped talking and wrapped a body, light as a bag of twigs in a blanket made in Britain. The plight of this tribe, the Karamojong, had caught the attention of the British Broadcasting Corp., and the television coverage had touched the hearts of British women.

Every year, a different African country spends more money than it can afford to play host to the other African heads of state at the OAU summit. Last year, it was Sierra Leone. The year before, it was Liberia.

On that muggy morning, an aide brought the Bible up the altar, dropped to one knee and held it open before the pope. The pope stood, found his place in his holy book and began to read. The celebrants could not hear.

The office messenger was first upon the scene. He was horrified — he took sick at once. In his mind, the bird's death was a curse. The spirits were out of the bag, he said, and the spirits would take his life.

There was dry rot down in the bellows somewhere. He was sitting in a terrible way, and he put the blame on a witch doctor whose path he once had crossed — an evil man, the messenger said, saying nothing more.

There are also, today in Nairobi, thousands of Kenyans who would not appreciate such a tale, illustrating as it does a certain backwardness they have gone far beyond. Educated, sophisticated, they are not beholden to spirits.

This morning, over the crunching sound of packers moving down the hall, I hear the words of that priest. I am making ready to leave Africa, and I have been recollecting what it has been like to move about this turbulent continent.

The Nation, a fairly vigorous publication at times, was warned in April that it had got out of line with the administration of President Daniel Arap Moi.

A Bull's Eye Africa is so vast. For the last few minutes, I have been amusing myself with an old state-side traveler's game, throwing a dart at a map, as an aid to remembrance.

The office messenger was first upon the scene. He was horrified — he took sick at once. In his mind, the bird's death was a curse. The spirits were out of the bag, he said, and the spirits would take his life.

Notice of Mandatory Redemption The Rural and Industries Bank of Western Australia ("the Bank")

AS30,000,000 6 1/2 per cent. Guaranteed AS/DM Bonds due 1987

1. NOTICE IS HEREBY GIVEN pursuant to the provisions of the Trust Deed dated 10th August 1972 constituting the above Bonds, that AS3,000,000 nominal of the Bonds is due for mandatory redemption on 15th August 1981. Pursuant to Clause 5(B) of the Terms and Conditions Applicable to the Bonds, 1,740 Bonds have been purchased by the Bank and AS1,740,000 has been credited against the amount due for redemption.

Table with 25 columns of bond numbers and serial numbers for mandatory redemption.

3. Interest in respect of the Bonds to be redeemed shall accrue on the redemption date and will be payable to that date in accordance with the Terms and Conditions Applicable to the Bonds.

4. Payment of principal will be made at the rate of AS1,000 or, at the option of the bearer, DM3783.10 for each Bond. 5. Payment of Bonds to be redeemed in Australian Dollars will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the National Bank of Australasia in London or, at the option of the bearer, at the main office of The Chase Manhattan Bank N.A. in London ("the Principal Paying Agent") or at its other offices, or at the other banks, set out below.

6. Payment of Bonds to be redeemed in Deutsche Marks will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the Westdeutsche Landesbank Girozentrale in Düsseldorf or, at the option of the bearer, at the main office of the Principal Paying Agent or at its other offices, or at the other banks, set out below.

7. FOR PAYMENT IN DEUTSCHE MARKS APPLICABLE TO THE MATURING OF THE BONDS TO BE DEPOSITED WITH THE PAYING AGENT FROM WHOM PAYMENT IS REQUIRED (TOGETHER WITH WRITTEN INSTRUCTIONS WHICH SHALL BE DEEMED TO BE IRREVOCABLE THAT SUCH PAYMENT SHALL BE MADE IN DEUTSCHE MARKS) NOT LESS THAN FOURTEEN DAYS PRIOR TO THE DATE OF MANDATORY REDEMPTION.

8. Bonds and Coupons shall be surrendered to the following offices: The National Bank of Australasia Limited, The Chase Manhattan Bank N.A., Westdeutsche Landesbank Girozentrale, 56 Friedrichstrasse, 4020 Düsseldorf 1, The Chase Manhattan Bank N.A., One New York Plaza, 14th Floor, New York, N.Y. 10081.

Robert Louis Stevenson once said it is better to travel in hope than to arrive. That is not always the case in Africa. I'd lay good money that Zimbabwe is going to hold together and prosper to boot; Robert Mugabe fought colonialists of British stock for majority rule and a finely tuned capitalist system he appears to want to keep.

A month later, the Nation evidently gave the impression it had got out of step again. The 560 doctors employed in government hospitals in Nairobi were on strike for higher pay. The paper printed a statement from the country's central political party, the Kenya African National Union, condemning the strike.

The editor in chief, Joe Rodriguez, three senior editors and two reporters were jailed and questioned by the Central Intelligence Division. Mr. Rodriguez was let go the following day, and the others were released three days later. The paper again apologized on page 1.

The pads are full of voices, many of them strident, and I'd like to pull some out, verbatim, for the benefit of other ears. A British colonialist who stuck it out after independence: "You bloody self-righteous Americans. You butchered your natives, or bunged them right onto reservations unfit for the plow. We developed. You slaughtered. Remember, these Africans had been in trees for donkey's years."

"KANU is the ruling party," the president said. "It is the government and therefore my voice. How then can the publishers of the Nation imagine the views of the party are anonymous?" The editor in chief, Joe Rodriguez, three senior editors and two reporters were jailed and questioned by the Central Intelligence Division.

One of my fondest memories is of another African turning point — Zimbabwe in January, 1980, during the cease-fire and the election campaign. After years of war and restricted travel, people could move again. The roads were thick with black hitchhikers on a bird-chirping Saturday when Hugh Bagilla and his cousin, Joseph Masuku, and I drove the 300 miles (480 kilometers) from Salisbury to their home town, Bulawayo. In seven years, Mr. Bagilla had managed the trip home only once.

An Indian high commissioner: "They are young. Patience, give them time. These are growing pains." A German economist: "Well, let us begin with the balance-of-payments problem..." An American ambassador: "We gave them \$50 million in PL-480 [food] assistance in fiscal '79. Of course, they would have preferred weapons..." A French nurse: "Aspirin. Aspirin. Aspirin. They take it like candy. They do nothing for themselves. They are entirely dependent."

The government also ordered a "crack-down" on "all agitators and anarchists in the country" — University lecturers thought to be too liberal. Mwanuzi had their passports impounded. Labor leaders came under intense official scrutiny. The goal: to make all harmonious when the heads of state convened.

I have no more an answer than anyone. Time, patience, understanding, care, assistance, education — mostly time, I think. These nations are so very young, and many are so very foolish, as only the young can be. There are governments on this continent so fragile that they could be wiped away as easily as spiders' webs — and they are acutely aware of it.

There is another kind of notebook here upon the floor, the kind in which I have sketched thumbnail profiles of countries, usually on the return flight to Nairobi. Let's take Tanzania: "Independence from Britain, 1961. All but bankrupt now. \$600 million in aid last year — may be highest in Africa. Severe food shortages. Gasoline sold three days a week. Rationing 10 gallons per week per car. 60 percent of export earnings go for oil. Overseas debts \$300 million plus. Has less than \$20 million in treasury. Quote from President Julius K. Nyerere into Swahili — and avowed Socialist, at time of independence: 'Independence means self-reliance. Nyerere policy is ujamaa, or familyhood. Population, 18 million. Nyerere consolidated much of population into 8,320 communal vil-

lages. This out working agriculturally, but 7,600 have primary schools. Literacy rate growing. People pay maximum attention to private plots for crops, minimum to government plots. This from Paul Sozigwa, Nyerere press aide. Sozigwa shivering from high-powered air conditioner in his office as he talked about agriculture expert, hypenated name he wants to keep to himself, says many farmers not paid for 1979 crops, so many people back to subsistence farming. Market economy disastrous. "Crime out of hand. Met AID man who is mending from attack in Dar es Salaam. Outside hotel, beaten by lead pipe. Kept yelling to attacker to take his wallet. Shattered elbow. One of most difficult operations. He said he was stupid to go out after dark. Said expatri-

of those who plotted to assassinate him. Moreover, Sudan is being carved into states — each with something like American states' rights — and the whole project has the blessings of a president who says his country is too vast to administer from Khartoum. (Sudan is the size of all the United States east of the Mississippi plus one other state thrown in — Arkansas, say.) Africa's past is somewhat depressing, its present is tumultuous, and the voices are so loud that people don't seem to be able to hear one another. But the Kenyan students who were sent packing back to their villages with their sad cardboard suitcases will be back tomorrow, and in them there is hope. More than anything, I have been moved by my talks with students all over Africa. In Liberia, for in-

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# Center of Commerce, a Cradle of Civilization

By Ken Whittingham

**BAHRAIN**, a small archipelago in the heart of the Gulf just off the coast of Saudi Arabia, is an important center of finance, trade and commerce. Although its rise to prominence may seem to be recent, Bahrain has no need of gimmicks to claim its status.

This group of islands that together form the modern state of Bahrain has been a center of trade and commerce, and a cradle of civilization. Bahrain is apparently the site of the ancient civilization of Dilmun, which, it seems, was better-known to the Sumerians, Babylonians and Assyrians than modern Bahrain is to many people today.

Alexander the Great knew enough about Bahrain to plan an expedition of conquest, but he died before the chance arose, and only coins bearing his head landed in Bahrain. Outside the village of Aali is one of the most extraordinary graveyards known to man — mile upon mile of tumuli, relics of a long-gone civilization.

In the early years of the Islamic Empire, Bahrain was the name given to both the islands and what is now the eastern province of Saudi Arabia — the new Bahrain-Saudi Arabia case-way has history on its side. In this region, in the ninth century, the rebel Carmathians brought independence from the caliphs of Baghdad, for a time.

In the 16th and 17th centuries, Portuguese fought Persians for the right to control the land until in 1782 the al-Khalifa family began its rule, which continues under its present emir, Sheikh Isa bin Sulman al-Khalifa.

In the 19th century, Bahrain was vital to British plans to control and dominate the Gulf, and so, in treaties, Britain pledged to defend Bahrain in return for exclusive control of its economic interests — i.e., oil. But in the end it was the Americans in the form of Caltex who produced the oil in 1932.

Over the centuries, Bahrain's income has depended on varied products such as dates, copper, pearls, prawns, oil and now aluminum and gas products. What the Bahrainis have learned from their long history is that, provided that the contacts are maintained with the outside world, provided that the island is a center for international and regional trade and commerce, and provided that all its eggs are not in one basket, it will survive, for it has survived as a civilization much longer than most of its neighbors.

### Adaptability

A sense of history, coupled with a strong educational system, has endowed the Bahrainis with a self-confidence that is immediately apparent to the foreign visitor, in comparison with other states in the Gulf. The Bahraini wants to tell you about his country, but he is also eager to learn about yours — the process of learning and acting on that knowledge is a part of the character. Flexibility and adaptability based on confidence are the

keys to the speed at which Bahrain has developed, not just in terms of concrete structures and imported technology but in finding new ways of building relations fitted to a new age, and of finding solutions to problems of the future before they occur. The traditional boat builder does not throw up his hands in despair as the fishing industry declines; he finds a new market for his skills by making models for tourists. Most importantly, he wants to work and he keeps on working, for in this lies his self-respect.

For those whose impression of the Gulf is based not on experience but on pictures conjured up by the popular media seeking sensation or romanticism, Bahrain is a dramatic surprise. Although it has desert sands, it also has oases and farms and it is remarkably green. There are few camels and even fewer Cadillacs, most people preferring more modest forms of transport, as this is not one of the fabulously wealthy countries.

Bahrainis are the most hospitable of people. For the visitor, entertainment abounds but within the traditional limits of an Islamic country. It is a deeply religious country, where the principles of Islam hold sway not because of the force of law but because of the people themselves.

Bahrain looks like an oasis, and in many ways it is an oasis among the Gulf states — a center of education, of financial operations and of a determination to establish cooperation among the states of the region. Bahrain knows about survival, and knows from experience the importance of friendship, trade and good relations.



# BAHRAIN

A SPECIAL SUPPLEMENT

INTERNATIONAL  
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## A Country Pledged to Cooperation

**THIS ARCHIPELAGO** is at the heart of the Gulf geographically, politically and economically. Although an oil producer like its neighbor states, Bahrain has limited reserves and, at present production rates of about 50,000 barrels a day, its onshore field will last about 20 years at most. Thus the state does not have the vast surplus incomes characteristic of most of the neighboring Gulf states.

The lack of instant wealth is in part the reason why Bahrain is quite different from its neighbors while having many similarities: The state, with about 350,000 inhabitants, is densely populated, compared with Qatar or the United Arab Emirates. More than 70 percent are Bahraini nationals, the reverse of the situation in neighboring states. Additionally, Bahrainis have long had a relatively high standard of education, which, coupled with the nation's long heritage, has created a social environment unique in the region.

The lack of great wealth, the availability of manpower and the educational standards have made Bahrain the most socially advanced state in the region, and a logical center for many of the industrial and educational plans devised for the region as a whole. Bahrain itself is committed to cooperation with its richer neighbors, requiring their finance for development and their markets for its industrial growth. Although it is wrong to see Bahrain purely as a service center for the industrial growth of its neighbors, because the nation itself has entered the industrial world, nonetheless the major developments in Saudi Arabia and the U.A.E. are providing a lot of support for the Bahraini economy.

Regional cooperation is vital for two reasons. Information Minister Tariq al-Moayed said. First, he said, the rest of the world already thinks of the region as a unit, ignoring the differences, and since there are more similarities than differences it makes sense for the region to stand together. Second, cooperation will help economically and in turn will assist social development — and social and industrial security is the key to the security of the region. It was for this reason, he said, that the Gulf Cooperation Council was formed. "In the military field, cooperation and coordinated planning have been taking place for many years, but the new council is designed to coordinate government activity in every specialized field, and to produce more freedom of movement and joint commercial activity."

Bahrain has a good record in that respect. Other Gulf nationals are free to work in the state and to purchase land if they wish, and a lot of Bahrain's trained manpower has worked in other Gulf states, especially in education. The real problem, the information minister said, is to ensure that the whole region develops in a balanced way and that everyone knows the entire region is benefiting.

Bahrain faces domestic problems because it cannot afford to give its people the kinds of facilities and luxuries enjoyed in neighboring states. But the information minister emphasized that Bahrain has been stable despite problems in surrounding countries because every Bahraini has benefited in some way from the oil wealth, however limited. Standards of living have risen and, through subsidized housing, health and education programs, most of the population has been drawn into the process of development.

"He believes that this is why, despite a few demonstrations among the Shiite population of Iranian origin during the early days of the Iranian revolution, there has been no threat of the revolution being imported to Bahrain. 'Revolution means less jobs and more trouble,' he said.

Although there is no evidence of support for what has taken place in Iran, this does not mean that Bahrainis are not proud of the resurgence of Islam, which is of course largely due to the financial power of the Islamic world derived from oil. As Mr. al-Moayed pointed out, there is nothing new in the conflict between religion and state, and he cited the activities of the Muslim Brotherhood in Egypt 50 years ago.

This conflict does not exist in Bahrain, the minister said. "Here we have a different situation. We have experienced development and industrialization, and the money has filtered through without in any way affecting Islamic principles. Indeed the government is often criticized for being too Islamic."

Moreover, he said that the decentralization of power in the country means that more and more people have a share in government as Bahrain seeks out its own form of democracy. Top administration is as much in the hands of department directors as ministers, and they represent wide sectors of the population.

—KEN WHITTINGHAM



**BAHRAIN CELEBRATED** this year the 50th anniversary of its electricity company with a ceremony attended by the emir, Sheikh Isa bin Sulman al-Khalifa (above, center). About \$100 million has been allocated for electricity and water desalination projects for 1981.

## Work Skills Are Becoming A Major Source of Wealth

**BAHRAIN** has long considered its most valuable asset to be its people. And as the country has a greater population density than its neighbors, the government has moved ahead with its policy of educating and training its youth so that they can take full control of every aspect of the economy in the not-too-distant future.

Lacking the vast wealth of some oil-producing states, Bahrain cannot afford to support an idle population, and it is viewed as imperative for development that people work. This in part was the reason for the decision in the mid-1960s to begin industrialization, capitalizing on natural gas resources, on a labor-intensive basis, while other states were concentrating on capital-intensive industry.

The main products of that industrialization policy were Aluminum Bahrain (ALBA), originally set up by a consortium of foreign companies but now owned 57 percent by the government and 20 percent by Saudi Arabia; and the Arab Ship Repair Yard (ASRY), established in 1977 by the Organization of Arab Petroleum Exporting Countries.

ASRY's work force of 1,280 is 57.1-percent Bahraini nationals, many of whom join the company having completed their secondary education. The company has a special training unit within its complex, and an enormous training workshop, so that apprentices acquire theoretical and practical skills while working for the company. In the workshop, where they learn welding, riveting, plate-cutting and other crafts, the trainees are provided with simulated conditions to accustom them to the difficult positions needed for working on a giant tanker in dry dock.

### Sent to Europe

Public relations officer Ahmad Abdullah said that local, trained manpower was vital to the success of the project, and that the best trainees were sent to the home base of ASRY's management company, Lisnarve of Portugal, or to other places in Europe, not only to study practical aspects of the work but also technical and managerial skills.

At ALBA, Bahrain's huge aluminum smelter complex, 77 percent of the 2,000 employees are

nationals, and in the last 12 months the success of training programs for management means that two out of six senior managers are Bahraini and that some divisions within the

(Continued from Page 8S)

## Nation Moving to Attract Tourists

**WHEN PEOPLE** talk about visiting the Gulf for business, they invariably mention Bahrain as the place they like to visit most.

Visitors from all over the world have been coming to this comparatively tiny island state for many years. They talk of the excellent facilities, the more liberal attitudes and the social life. But few talk of visiting the area on holiday — a pity, because a long weekend or a break in transit would give people a chance to discover that there is more to the country than business.

The number of arrivals in Bahrain in 1979 was 404,032, which included five types of visitors. Tourists from the Gulf, the rest of the Middle East, the United States and Europe totaled 129,016. Arabic and non-Arabic businessmen totaled 90,203. Those in transit (six busmen) totaled 67,644. Also, 26,176 Arabic and non-Arabic people came to visit their families, and 90,993 workers arrived.

There are about 35 tourism offices and souvenir shops, 15 tourist restaurants and 20 tourist guides in Bahrain. Taxi drivers and hotel staff have even taken special courses to make themselves more aware of the particular needs of tourists. Tour operators are being encouraged to set up shop in Bahrain, and places are being created specifically for tourists.

### Main Island

Only six of Bahrain's islands have populations of any significance, the largest being Bahrain Island, where the capital, Manama, is located. The others are Muharraq, the site of the international airport, which is linked by a causeway to the main island; Sirah and Nibh Sali to the east; and Jiddah and Umm Nassam to the west. There are accommodations to suit most pocketbooks and, with two new luxury hotels to open soon, there should be at least 3,500 rooms available in luxury properties by the end of 1982.

Bahrain, through the Ministry of Information, is taking a serious look at the possibilities of attracting tourists from all over the world. Tariq al-Moayed, the minister of information, is the major force behind the introduction of tourism, and he sees a bright future for its growth, although he said that it would be slow and controlled. "I feel that to look after one person well is far better than to look after 10 people in a mediocre way and to disappoint them," he said.

Businessmen are the first targets. Mr. al-Moayed wants to persuade them to stay a bit longer when their business is done. "Most people come to the Gulf or Saudi Arabia and stop in Bahrain on their way down or on their way back home," he said. "Perhaps they want to



Craftsman mending fishing nets.

write up a report, rest, do a little more business. It is because of the high cost of air fares from Europe and expensive hotel accommodations that businessmen will be our first target. It is also the aspect of tourism which can be developed fastest."

The minister is concerned about the high cost of getting to Bahrain and the cost of the best hotels. He has often criticized the state's hotels for being overpriced and the airlines noncompetitive. "My ministry is spending a lot of money on promoting tourism in Bahrain and will hotellers, airline people and travel agents begin to help us, we will continue to have a tough job," he said.

### Special Fares

The airlines have introduced special fares within the Gulf, and nominal discounts between Bahrain and Europe are now available. Also, with so many hotel beds available, room rates are showing signs of coming down. A number of hotels are also offering weekend packages with substantial discounts.

Some hotels want to introduce special rates for people transiting through Bahrain who want to spend a few nights there. Because of the more attractive rates between the Gulf States, Bahrain could prove more popular for long weekends. One hotel has arranged special rates for groups of U.S. visitors from Saudi Arabia who come for long weekends.

"Perhaps visitors could combine a bit of

shopping with sight-seeing, but I think that the main attraction will be to experience somewhere and something different and to sample some of the many special attractions introduced by the hotels," Mr. al-Moayed said.

Internationally known artists appear regularly at hotels and restaurants and often are the nucleus around which a weekend package is promoted.

The Department of Tourism in Bahrain works in conjunction with many other departments and ministries and forms the link between these authorities, hotels, restaurants and tour operators. There is currently a move to beautify Bahrain. There are plans to provide more beaches in addition to the existing good facilities and to build a mini-Riviera. There are also three or four attractive public gardens, including the luxurious Water Gardens.

### Archaeology

Tourists with an interest in history and archaeology can visit the many ancient sites, including the Suq al-Khamis mosque, Portuguese Fort, Shaikh Farif Fort and the Qal'at al-Diwan (used today as the police headquarters), and the tumuli, of which there are an estimated 100,000 scattered throughout Bahrain's northern half. The Sumerians of the third millennium B.C. wrote of Dilmun as a place of mythology — the land of immortality, the meeting place of the gods — and as the home of the Sumerians' ancestors. They also described it as a large trading base from which ships carried to Ur copper, gold, diorite, ivory and high-quality woods.

The discoveries at the lower levels of the Qal'at al-Bahrain (north of the Budaiya Road) excavation, coupled with an inscription dug up by a British amateur archaeologist, Capt. Durand, 80 years previously, indicate that 4,000 or 5,000 years ago, Bahrain island was the fabled Dilmun.

All town is the home of Bahrain's small, traditional pottery industry, using clay dug up in the hills around Rifaa. The village potter sits in a makeshift shelter in a slight depression peddling a wheel at waist level. The pottery is mainly utilitarian — dishes, jugs and bowls. No satisfactory method of glazing the pottery has yet been found. Finished pieces are dried in the sun, then fired in the tumuli ovens, which are also used to manufacture lime for use as whitewash.

The Ministry of Information, aware that some of the traditionally handicrafts are disappearing, is particularly interested in sponsoring the surviving craftsmen. Dhow builders can be found at Muharraq, where some of the original methods are still employed. In a de-

(Continued on Page 10S)



**KEY OFFICIALS** of Bahrain include (from left): Ali Fakhro, health minister and acting minister of education; Sheikh Khalifa bin Sulman al-Khalifa, prime

minister; Sheikh Hamad bin Isa al-Khalifa, heir apparent; Youssef Shirawi, minister of industry/development, and Tariq al-Moayed, information minister.

## Islands' Educational Systems Setting Pace in Region

**THE LONGEST-ESTABLISHED** and most sophisticated educational system in the Gulf has made Bahrain the powerhouse of intellectualism in the region's rapid development process.

The first formal primary school, Madrasat al-Hidaya-al-Khalifa, in Muharraq was opened in 1919, nearly half a century before formal education was introduced into neighboring states. The school was set up by Sheikh Abdullah bin Isa al-Khalifa, then the ruler, after he visited Britain and was impressed by school facilities there. To this day there is a strong influence of British educational systems and ideas in the Bahraini program.

Many senior government officials throughout the Gulf states — including Ghazi Ghassbi, minister of industry and electricity in Saudi Arabia, and Issa bin Ghanem al-Kuwari, minister of information in Qatar — received their basic schooling in Bahrain, and it is a debt that has not been forgotten. Bahrain's role as the educational center of the Gulf was confirmed by all the states of the region recently when it was decided that the new Gulf university should be built there. Construction has begun.

Most of the Gulf states now have extensive higher education programs, including universities. Ali Fakhro, the Bahraini minister of health and the acting minister of education, explained why there was a need for another university.

### Future Leaders

In the first place, he said, the new university, in which there will be students from all the Gulf states, will provide an opportunity for future leaders to get to know each other at a

crucial age and, of course, to understand one another's way of thinking. "There is a big difference," he said, "in the relations between ministers who merely meet occasionally and those who are classmates."

Second, the minister said, the Gulf university is intended to be experimental and innovative: "We want to get away from the classical academic pattern and introduce new approaches relevant to our particular situation and needs in the Gulf." He noted, however, that the extent to which experimentation will be possible will depend on the board of trustees representing the member states and on the availability of staff. But the minister is convinced that a regional university will be less subject to domestic pressures than national universities.

Education in some of the Gulf countries encounters problems because coeducation is forbidden and certain scientific subjects are taboo. In Bahrain, where education for girls was introduced in the 1920s, coeducation is not uncommon, especially at higher education levels, where it is simply not economically feasible to provide parallel teaching structures.

Cost was the third reason cited by Mr. Fakhro for the establishment of the Gulf university, in that no state had enough students to justify high levels of specialization in the costly scientific and technical fields. But he said that a regional university would be catering to a population of about 25 million.

The growth of the university sector in Bahrain and elsewhere in the Gulf is allowing a gradual reduction in the number of students sent abroad for advanced studies — a process

that becomes more costly every year, especially in Britain, which was once favored by Bahrain.

Bahrain has the University College. In an experiment this year, the college is negotiating with foreign universities to allow students to complete their certificate in the use of English, and perhaps the first two years of a degree course, before going abroad for completion of the degree course. The authorities believe that this will not only reduce costs but reduce the effects of cultural shock.

As part of the state program to develop its valuable manpower resources, the Ministry of Education is putting more emphasis on technical education, to meet the needs of industrialization.

Last year, the government instituted a program called "Train 10,000." High school students who had completed the ninth grade were invited to choose a technical or vocational specialization; options include commerce, secretarial skills, basic engineering, technical studies and health studies. New facilities are being offered for training in agricultural subjects, health work and, because of the expansion of the hotel sector, catering. There are plans for the creation of a school of printing and allied trades.

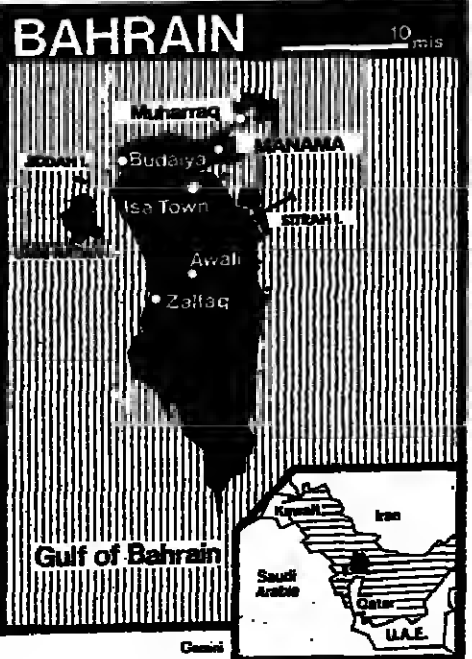
The target of 10,000 was set for 1985, but Mr. Fakhro reports that it is already being achieved. The Gulf Polytechnic, the logical extension of the work begun in the schools, has such a demand for places that two shifts a day have to be provided to give all students a chance.

With a population of about 350,000, Bahrain has 81,000 students — 23 percent of the nation. Education is compulsory up to the intermediate level, but Mr. Fakhro said that it has not been necessary to use legal force as most parents are eager for their children to be educated. He estimated that 95 percent of eligible children regularly attend school, with only a few families in the remote villages keeping their children away. In the past, the government had stressed the need to get all children to school, but now the quantity is no problem, rather the quality, Mr. Fakhro said.

An obvious way to improve quality is to improve teaching standards and this, the minister said, is the main function of the University College of Bahrain. All students who so wish are given the opportunity to take up teaching at appropriate levels. Students returning to Bahrain with bachelor's degrees are sent to the college to acquire a diploma in education, while students at the college who have completed the two-year teacher training course will be given the chance to continue studies for degrees. The aim is that in the not-too-distant future all teachers should hold degrees and teaching qualifications, even at the primary school level.

The minister knows that it will take at least 10 years for Bahrain to staff its system at the level required with nationals, but it can be done, he said. In the meantime, Bahrain, which has supplied teaching staff to many countries in the region, will have to rely to some extent on teachers from countries like Egypt, Jordan and Lebanon.

—KEN WHITTINGHAM





# المؤسسة العربية المصرفية ARAB BANKING CORPORATION

Arab Banking Corporation was established on 17th January, 1980 in Bahrain by Emiri Decree Law No. 2, as a Bahraini Joint Stock Company.

The creation of the Arab Banking Corporation was motivated by the fact that Arab banks had established a presence in the international market, but had not achieved the major role which they deserved. They were restricted in their activities by their capital structure, which did not allow them to absorb deposits of a sizeable amount. The need for a major institution to provide the services of a clearing bank has been justified by the scale of Arab money available. Arab Banking Corporation having overcome this obstacle can now take its place among the world's leading financial institutions.

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Telex: 9432/33 ABCBAH



## BAHRAIN

### Status Rises as a World Financial Center

BAHRAIN'S status as a world financial center is no longer a question mark — it is a fact. Sixty major banks operate offshore banking units (OBUs) in the island, and a further five have been granted licenses but have not begun trading.

Total deposits at the end of the first quarter amounted to just less than \$40 billion. With work due to start on the Saudi Arabia-Bahrain causeway, and Saudi Arabia's third five-year plan under way, the OBUs are looking for a welcome period of prosperity after the difficult experience of 1979.

The presence of more than 30 representative offices of major banks that do not yet operate as OBUs and six leading money brokerage firms has given Bahrain — with its strategic location and its time zone forming a bridge between Hong Kong and London — an important status in the world money markets.

But the director of the Bahrain Monetary Agency, Abdullah Saif, stresses that the nation is not interested in drawing business indiscriminately into the region. Strict criteria are applied regarding a bank's status, capital, experience and quality of staff. More importantly, since a moratorium was declared on new licenses in 1979, a major criterion has become the location of the parent bank. Bahrain for numerous reasons is concerned now to broaden the market into untouched geographical regions rather than being too dependent on Western banks.

**Building Ties**

This move reflects the concern of Gulf states to build close economic ties throughout the world as part of a strategy of cooperation designed to secure the future of the region.

Mr. Saif identifies two main advantages to the host country from the presence of the OBUs. From the purely financial aspect, they provide a sophisticated means of recycling the vast surplus oil revenues appearing in the region, and at the same time bring into the region external finance for major development projects — a growing function, with joint venture projects becoming the norm in major industrial fields.

Just as important in Bahrain's long-term interests, however, is the training role of the foreign banks. Abdullah Saif is pleased that a qualified cadre of Bahrainis is appearing in banking, which for the first time is being taken seriously by school graduates, and indeed ranks as the second-most popular profession now — perhaps taking some of the talent badly needed by industry.

Although there is no formal training structure, the banks cooperate on a voluntary basis through the bankers association and donate on average 1 percent of their wage bill for the training center set up by the government. In addition to basic training, young Bahrainis are gaining the opportunity to experience high levels of international banking, and they could well become an important factor in banking not only in Bahrain but all over the Gulf as the quickly expanding market requires higher levels of sophistication, and as the demand to reduce imported manpower grows.

**Criticism**

There are fears that Bahrain is overbanked, although it must be said that this criticism was expressed three years ago — yet in the difficult period in 1979, no

were banks actually closed. Skeptics suggest that Bahrain does not have the domestic economic and political strength to be a secure long-term financial center and, with the OBUs' increasing reliance on the Saudi market, could be swept away if the Saudi Arabian Monetary Agency so decided.

But Bahraini officials point out that Bahrain is as important to Saudi Arabia as that state is to Bahrain. Despite the growth in the financial sector in Saudi Arabia, there is a chronic shortage of national skilled manpower that will persist, given the increased demand for qualified manpower in every field. Moreover, conservative Saudi Arabia has no desire to open itself to the international community in a way that is necessary for a financial center, which Bahrain has done.

The fear also ignores the fact that cooperation in the Gulf is something much greater than a political understanding or a strategic alliance. The efforts to create unified financial structures and regulations and indeed to establish a unified currency are proceeding, and there is close cooperation between monetary agencies in the region. Clearly, if such cooperation is to become a reality, the political pressures would be reduced by the presence of a sophisticated financial center in a state like Bahrain, which does not have the financial or political power to hold its fellow states to ransom.

A number of large new construction projects for banking headquarters in Manama demonstrate the faith of major established banks. As a representative of an Australian bank, relative newcomers to the area, said: "There is so much happening in the area, and so many opportunities for companies back home, we simply cannot afford not to be represented."

### Work Skills a Major Source of Wealth

(Continued from Page 75)

company are now entirely staffed by citizens.

Tim Franckom, ALBA's training superintendent, who has long experience in the field in many parts of the world, said that Bahrain's young people were eager and adaptable when it came to professional training.

ALBA, which like ASRY has a training center with full audiovisual aids — even producing its own training films, especially on safety matters — cooperates closely with the Ministry of Education in the development of technical education.

ALBA supported the "Train 10,000" program set up by the government last year to encourage schoolchildren to get at least a taste of industrial skills. Now, however, Mr. Franckom wants to see quality emphasized instead of quantity. "In a way, we have to go backward for a while and develop a stepping-stone system of qualifications" because, if someone wants to be trained as a technician in a modern industry like ALBA, he needs the same level of education as for university entrance, he said. This in itself creates a difficulty in that many potential industrial trainees lacking an industrial background shun the factory world for academia.

The cultural problem lies at the heart of many of the difficulties of training planners. Mr. Franckom said that there was generally a re-

sistance in the Gulf to technical training and related manual work — although the problem is less acute in Bahrain than in some states. There is even more resistance to a diagnostic approach to technical work — identifying a problem, then working in a logical manner to solve it. On the basis of his experience, Mr. Franckom said, he thinks that this problem does not occur much in the Far East or Latin America but is ever present in the Middle East and Africa.

Nevertheless, the problem is being overcome, at least in Bahrain, and as government programs in technical training develop, attitudes are changing and, more importantly, fathers who work in industry pass on that experience to their children, Mr. Franckom said. He pointed out, for example, that in the past it was rare to find children in Bahrain playing with mechanical toys, but that this was changing and was evidence of a wider cultural change.

Clearly, while ALBA can deal with safety training and certain levels of manual and technical training, at the higher levels students sponsored by the company have to be sent abroad to complete their qualifications. They used to be sent mainly to Britain, but rising costs there are prohibitive. The United States and Canada now are preferred, and talks are under way for an arrangement with Singapore.

As all this happens, Bahrain is beginning to face the problems of all industrial societies. As Bahrainis begin to take on senior management positions with the company — and most of the candidates for such posts are inevitably quite young — the prospects for promotion for those who come after are reduced. In the early stages, a well-qualified Bahraini, perhaps the only specialist in his field, could be certain to take over from a foreigner, but that does not apply when a national is in the top seat. So how can ALBA or any other industry in Bahrain keep its national work force, since the temptation of higher wages in major industries growing around the Gulf will soon be dangled before them?

The government is well aware of these problems; and it was decided in 1979 to reduce the labor force of ALBA and make it more capital-intensive. A major expansion program will allow considerably greater output with no additional staff. The work force was out from 3,000 to 2,000 last year.

—KEN WHITTINGHAM

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BALANCE SHEET AFTER APPROPRIATIONS					
ASSETS	31/12/79	31/12/80	LIABILITIES	31/12/79	31/12/80
Cash, issuing houses, treasury, post office giro	513,438,644	967,173,083	Issuing houses, treasury, post office giro	2,168,640,868	3,298,774,787
Banks and finance institutions and corporations	11,055,795,967	15,171,598,497	Banks and finance institutions and corporations	11,495,527,483	14,871,182,815
Treasury notes, securities received as collateral or bought firm	867,172,811	185,728,800	Securities given as collateral or sold firm	—	803,388,834
Credit to customers	3,674,451,010	3,009,284,277	Customers' creditor accounts	1,157,770,785	1,571,531,568
Customers current accounts, overdrafts	56,808,800	61,652,589	Special savings accounts	8,705,383	77,687,728
Cheques and bills for collection	40,588,905	99,333,531	Accounts payable after collection	40,588,385	89,333,531
Suspense accounts and sundries	526,240,056	737,241,876	Debitors	488,236,889	846,830,715
Securities transactions	157,713,483	11,071,082	Subordinated loan	50,000,000	50,000,000
Securities portfolio	70,540,015	288,332,488	Reserves	83,523,523	79,427,263
Shareholdings and interests in subsidiaries	43,256,446	44,908,810	Capital	250,000,000	250,000,000
Fixed assets	18,897,916	19,492,232			
<b>TOTAL ASSETS</b>	<b>10,222,871,266</b>	<b>22,817,707,375</b>	<b>TOTAL LIABILITIES</b>	<b>16,222,871,266</b>	<b>22,817,707,375</b>

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# BAHRAIN

## Tradition Is Maintained By Ship-Repair Activity

FOR CENTURIES, craftsmen in Bahrain have built and repaired the boats that plied the Gulf and made their way to India, East Africa and beyond. An island state, Bahrain's importance from 2,500 B.C. to the present has depended on its ability to communicate with the outside world — as archaeological evidence, available in the national museum, fully demonstrates.

On the coast near the main market, traditional boat builders still ply their craft, bending and shaping the planks to form the distinctive shapes of the *jalbout* or the *sumbuq* — generally known to the outside world as dhows — which were once used for the pearling trade but now are confined to fishing and local cargo transport. The trade is dwindling and many of the craftsmen make a better living out of building miniature replicas for the tourist trade.

But the ship tradition lives on in Bahrain. In 1971, the member states of the Organization of Arab Petroleum Exporting Countries (OAPEC) decided that Bahrain was the right location for a dry-dock repair yard for the giant oil tankers, which have replaced the dhow as the familiar sight on the Gulf horizon.

The Arab Shipbuilding and Repair Yard (ASRY) dry dock, operated under contract by LISNAVE, the Portuguese shipyard, can handle up to 50 tankers of 550,000 deadweight tons a year, as well as make many more repairs afloat at the adjoining piers. The 450,000-square-meter site was reclaimed from the sea.

**Ideal Location**  
Bahrain is the ideal location for such a repair yard. Strategically positioned at the heart of the world's major oil-exporting region, it is passed daily by empty tankers waiting to take on loads of crude oil. Since ships must be gas-free before entering the dry dock, this

moment is ideal for repairs, and, when deducted from waiting time at oil terminals, the period taken in the yard does not detract from a vessel's profitability. ASRY operates 24 hours a day and offers a wide range of services from its ultramodern mechanical, plate, pipe and electrical workshops.

In May, the Scan Bay rig owned by the Norwegian Scan Drilling Co. was the first deep-sea drilling rig to enter the dry dock. The Scan Bay rig is 310 feet high, and would normally be jacked up at a jetty on its own support system for repairs, but it was having instability problems. In perhaps one of the most dangerous jobs undertaken by ASRY's divers, they adjusted the blocks holding the rig in place as the dry-dock was emptied, which takes about three hours.

Since October, 1977, ASRY has handled more than 400 ships — mostly giant oil tankers (VLCC) but also container and other vessels. Productivity is estimated at more than 90 percent, and capacity is booked two months ahead despite the fact that the recession in the shipping market has been severely affecting shipyards in other parts of the world.

**Work Force**  
In 1980, 101 vessels were repaired in the yard, of which 54 were dry-docked, including 37 VLCC/ULCC, which represents 12 percent of the world market for large oil carriers. Although the total number of ships was down 5 percent from the 1979 figure, staffing figures were down while productivity was up, and the company is confident that 1981 will provide a healthy return.

The reduction of manpower at ASRY is an example of the rethinking that has taken place in Bahrain's industrial policy. The shipyard was intended originally to be labor-intensive and to provide jobs for Bahraini nationals. At present, 57.1 percent of the



Sheikh Daij bin Khalifa al-Khalifa

work force of 1,280 is Arabs, largely Bahraini, and the plan is to have 90 percent of the work force made up of Bahrainis by 1985. A major training program, begun in 1975, two years before the yard was commissioned, takes in a regular flow of trainees from schools and runs upgrading courses within the company.

The success of ASRY's management and work force has clearly impressed its OAPEC owners. Having been invited by the United Arab Emirates to take over the Dubai dry dock facilities — where there are three dry docks in a massive complex — they announced last month that the Dubai and Bahrain yards would be merged under ASRY's management. The details are under study.

A unified management and marketing of the two yards would make economic sense. The Dubai dry dock has had numerous problems with lack of adequate manpower and underproduction. With the well-established ASRY management and marketing team and the coordinated use of the facilities, there is a reasonable prospect of economic viability for both, especially as the domestic Arab shipping fleets, like the United Arab Shipping Co. headquartered in Kuwait, expand and bring their business to their own yards.

There is no doubt that, with about 50 dry dock facilities for large ships around the world, the market is overcrowded — ASRY Chairman Sheikh Daij bin Khalifa al-Khalifa has said that 12 are sufficient to meet current demand. But the Gulf states have the advantage of being located on one of the busiest and most vital shipping routes in the world, and at the end of the long ballast haul, when repairs become cost-effective for the shipowner.

—KEN WHITTINGHAM

## When Oil Revenues Dwindle...

THE LIQUID petroleum gas (LPG) plant set up by the Bahrain National Gas Co. (BANAGAS) is described by the gas company chairman, Assan Fakiro, as the "best decision the country has made."

Since the plant opened in December, 1979, it has produced 87,700 metric tons of propane and 74,100 tons of butane, of which 55,002 tons and 53,946 tons, respectively, were exported. The plant was set up at a cost of \$95 million and is owned by the Bahrain National Oil Co. (75 percent), Caltex (12½ percent) and the Organization of Arab Petroleum Exporting Countries (12½ percent).

BANAGAS' feedstock is provided by gas associated with petroleum, which until recently had been burned off, and the move was indicative of Bahrain's determination, as oil reserves decline, not to allow any energy resources to be wasted.

Under Minister of Development and Industry Youssef al-Shirawi, Bahrain has forged ahead with a number of highly profitable and far-sighted downstream operations that will ensure that oil-associated revenues are maintained even when revenues from oil itself — currently about 70 percent of total state income — begin to fall.

**Oil Refinery**  
The government last year acquired a 60-percent stake in the oil refinery at Sitrah, paying the former owner, Caltex, \$400 million in compensation. The refinery, with a capacity of 250,000 barrels a day, takes the oil from Bahrain's onshore fields and its Abu Sa' Fah offshore field, shared with Saudi Arabia. Four-fifths of the oil processed at the refinery comes by pipe from Saudi Arabia, including a guaranteed 100,000 barrels a day at the official selling price over a long-term contract.

There is a wide market for the Sitrah refinery's output because there is still a lack of refining capacity in the region, especially since Iran decreased production. Most Gulf states still import refined products. Although the domestic market will decline as more refineries come on stream, the deputy minister of development and industry, Sheikh Isa Abdullah al-Khalifa, predicts that the rising cost of crude oil in the future will mean that importing countries will be forced to buy refined products from the Gulf rather than transport crude to their own refineries.

Another important operation, also to be sited in Sitrah and

scheduled to go on stream in 1984, is the Gulf Petrochemical Industries Co. (GPIC). The agreement was signed earlier this year between the three partners, Bahrain, Kuwait and Saudi Arabia.

GPIC's \$400-million petrochemicals complex will be situated on a 600,000-square-meter area of reclaimed land adjacent to the Bahrain Petroleum Co.'s jetty facility, which it will share. Its feedstock will come from Bahrain's 90-trillion-cubic-foot reserves of natural gas. The plant will be the second petrochemicals complex in the lower Gulf, following Qatar's Umm Said venture, which went on stream at the end of last year.

**Cooperation**  
The GPIC plant is another example of cooperation between the Gulf states to achieve balanced growth on a regional basis, as both

participating states have domestic petrochemicals projects, and Kuwait's experience in the field will be invaluable in the long term.

Gas is the key to Bahrain's industrial future as a cheap and readily available source of energy for industrial and domestic use. The state's two major industries, aluminum and ship repairs, are already users and many of the small industries being set up in Bahrain are also energy-intensive. The government is hopeful that many more industries will be attracted as energy becomes more expensive.

But gas alone is not enough, and it is the strategy of drawing in partners to finance joint ventures that is allowing Bahrain to become a stable industrial and commercial center, even though its resources are a drop in the ocean compared with those of its neighbors.

—KEN WHITTINGHAM

## UPSTAIRS DOWNSTAIRS

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Financial Times — June 2nd 1981

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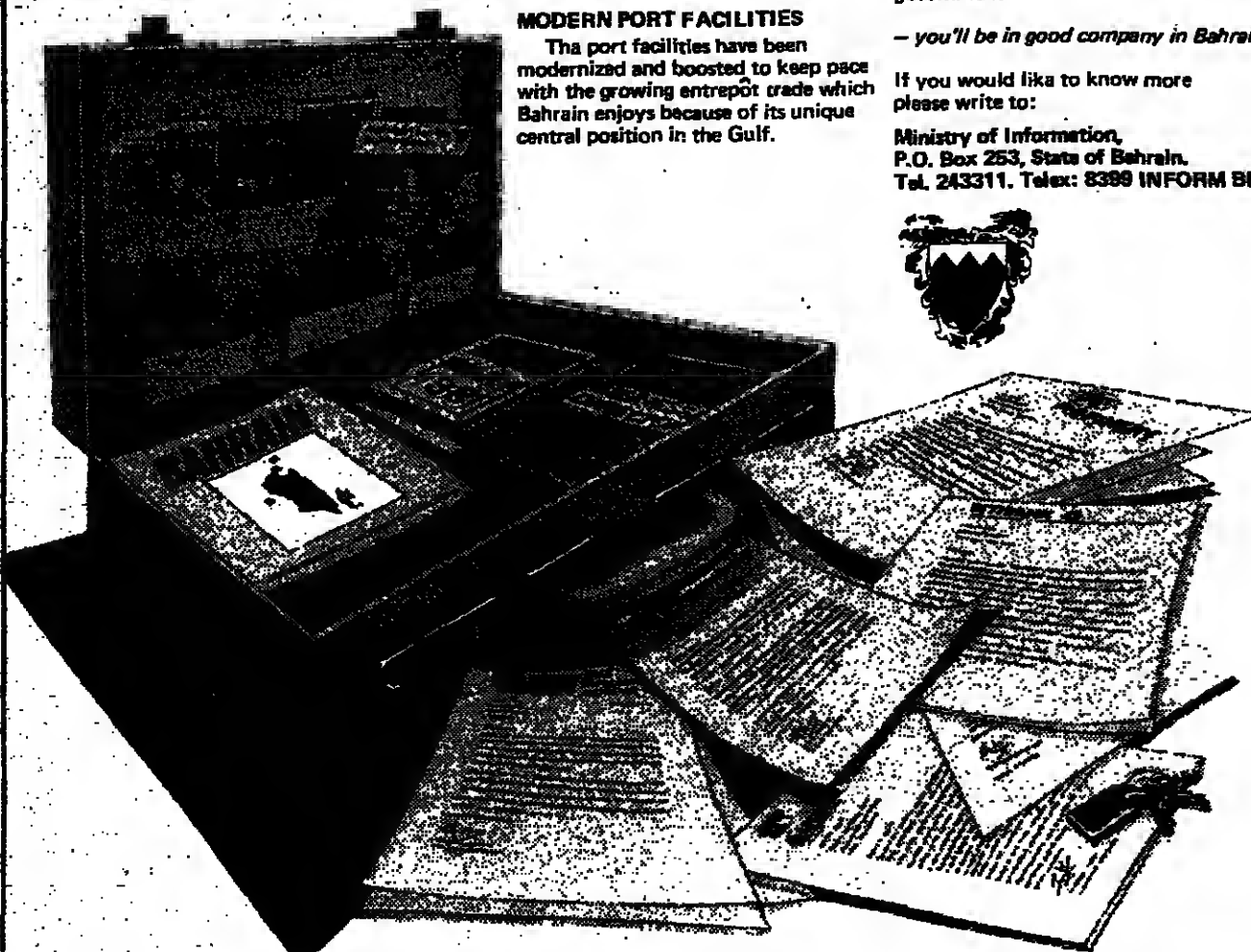
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Mina Sulman port has 14 general cargo berths and 2 container berths. Last year this port handled 840 ships.

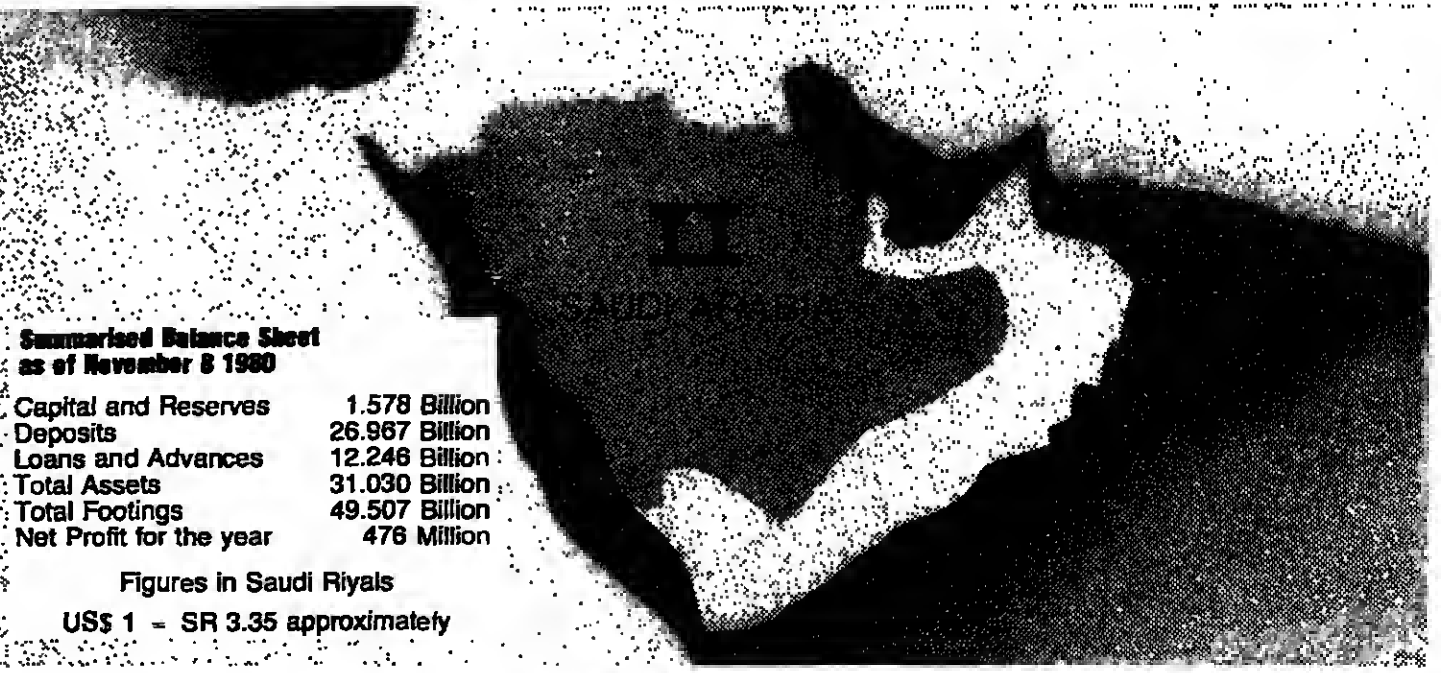
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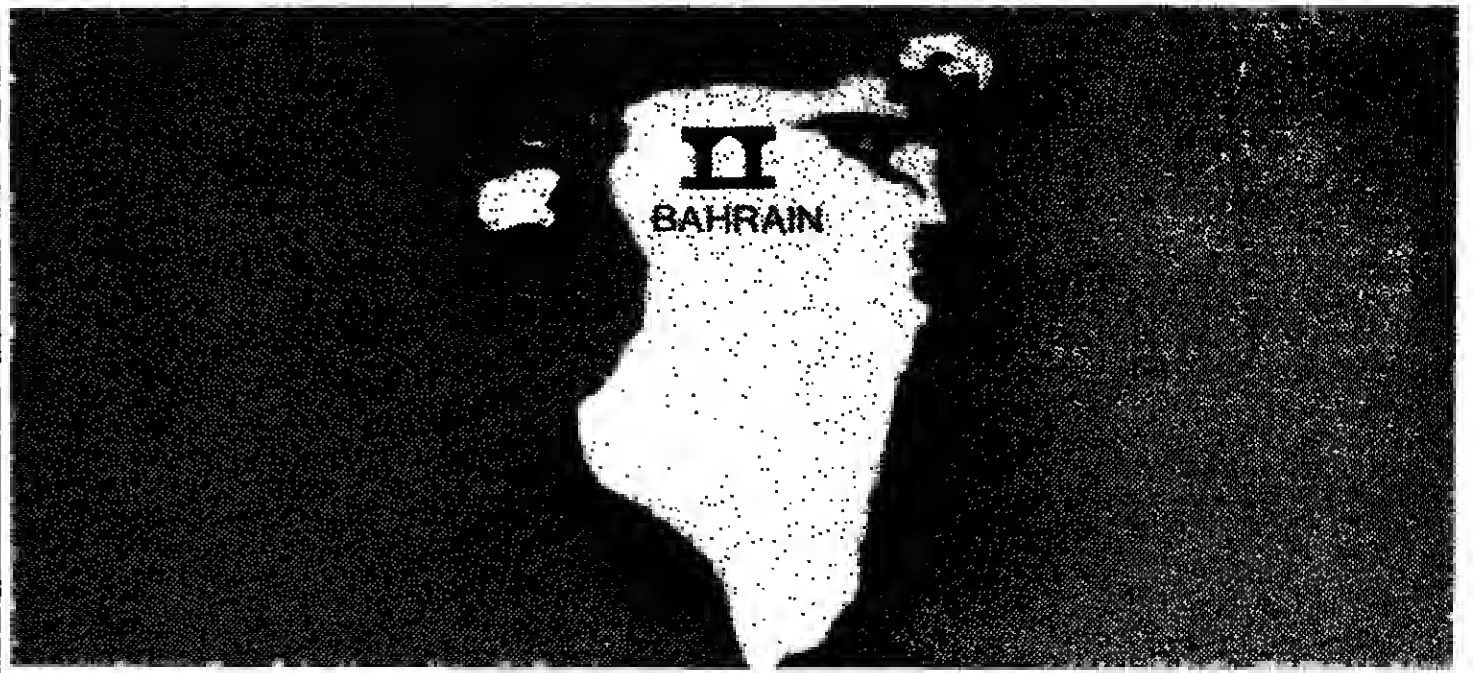


Summarised Balance Sheet as of November 8 1980

Capital and Reserves	1.578 Billion
Deposits	26.967 Billion
Loans and Advances	12.246 Billion
Total Assets	31.030 Billion
Total Liabilities	49.507 Billion
Net Profit for the year	476 Million

Figures in Saudi Riyals  
US\$ 1 = SR 3.35 approximately

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**BAHRAIN**

**Aluminum Smelting Plant Grows**

ON MAY 24, Sheikh Isa bin Salman al-Khalifa, the emir of Bahrain, inaugurated a major extension to Aluminium Bahrain (ALBA).

The aluminum smelting company, the first major industrial project in the Gulf, began production almost exactly 10 years before, and at the end of last year produced its millionth metric ton. With the \$120-million plant expansion, ALBA's production will be in excess of 170,000 tons, against an original capacity of 58,000 tons.

The decision to set up an aluminum smelter in Bahrain was made in October, 1968. Originally a joint project between the government of Bahrain and a number of foreign companies, mostly users of aluminum, it was conceived for three major reasons. First, Bahrain is ideally situated between the source of bauxite, western Australia, and consumers of aluminum products in the Far East, Europe and the United States. Second, Bahrain, with its abundant reserves of natural gas, could cheaply produce the electric power required for the smelting process. Third, the government, aware of its dwindling oil reserves, was eager to diversify its sources of income and at the same time to provide a new form of employment for its nationals.

**Salaries, Rent**

In the early 1970s, the plant faced many difficulties and acquired something of a bad reputation locally because of a number of serious accidents. This has been improved dramatically, however, and the rising prices of aluminum in 1979 set ALBA firmly on the road to success. Although the price of the metal has fallen in the first part of this year, ALBA expects exports to be valued at between \$200 million and \$250 million a year once the expansion project is complete.

In addition to its contribution to the gross domestic product through exports, ALBA, as the largest industrial project and employer, contributes more than \$540 million through salaries, rent for services and other local contracts. Its success has been vital to the acceptance of industrial development in Bahrain and the region, about which outside observers were skeptical for many years.

ALBA has proved that it is possible to set up heavy industry in the Gulf, at the source of energy, and produce manufactured products at highly competitive prices. Although Western markets are virtually closed to ALBA's products through tariff barriers, a lively market exists in China and Japan that takes about 73 percent of ALBA's output. The local downstream industries — BALEXCO, producing extruded aluminum, and MIDAL Cables Ltd. — are providing the link between ALBA and the Gulf and Arab markets.

**Sign of Cooperation**

There is no doubt that ALBA's viability was enhanced in 1979 when Saudi Arabia Basic Industries (SABIC) decided to defer a decision to establish an aluminum smelter in Saudi Arabia and instead took a 20-percent share in ALBA — one of the first real signs that industrial cooperation in the Gulf is a reality and not a slogan. ALBA shareholders now are the Bahraini government, 57 percent; Saudi Public Investments Fund, 20 percent; Kaiser Aluminium Bahrain, 17 percent; and Breton Investments, 5.1 percent.

Earlier this year, industry ministers of the members of the Gulf Organization for Industrial Consulting — Bahrain, Iraq, Kuwait, Saudi Arabia, the United Arab Emirates, Qatar and Oman — signed an agreement to establish a \$100-million aluminum rolling mill in Bahrain. The project was the first major result of the work done by the Qatar-based consulting or-

ganization to coordinate industrial development among the states of the region.

The 40,000-metric-ton-a-year plant will fill another gap in the range of aluminum products available from Bahrain, since aggregate sheeting from the mill can be used for such items as kitchen utensils and building materials, and will thus provide the basic material for a further range of local industries.

The prospects for the aluminum industry are encouraging, according to local observers. While prices have declined from their peak of \$2,000 a ton in March, 1980, a considerable improvement is expected by the end of 1981. And as local downstream operations expand with greater demand from the major development projects still going on in the area, especially in Saudi Arabia, discussions are still under way on a possible further expansion at the ALBA plant.

Although some people thought that ALBA was merely set up to absorb Bahrain's work force, the company has been working during the last two years to reduce its expenditures and increase cost effectiveness. The work force has been reduced by more than 30 percent, to 2,000, in the last 18 months. As a result of this and other cost-saving programs, ALBA was able to hold the increase in direct production costs to 10 percent despite considerably higher rises in the cost of raw materials, and the effect of the strength of sterling.

Cost-cutting has not been allowed to affect the company's social role and employee relations, however. Sixty-three houses are nearing completion in a plan under which the company provides nationals who do not own homes with 60-percent grants toward the cost of a house, the applicant provides 5 percent and the remainder is covered by a company-guaranteed bank loan.

—KEN WHITTINGHAM

**Nation Is Moving to Attract Tourists**

(Continued from Page 7S)

Eightful spot at Jamrah on the west coast, basket and cloth weavers can be found.

Aysa Alkhalifa, with its park and Virgin's Pool, is a popular place for picnics and swimming. Al Areen, the Arabian Wildlife Park housing some of the few Arabian oryx left in the world, will soon be open to the public. There is also the Falconry Center, where the first falcon chicks in the Arab world were bred. Other animals associated with the Arab world are the Arabian horse and the hunting dog, the Sahabi. Camel and horse races are held at Saafra on the Awwal Road in the evenings and on Fridays.

**Water Sports**

All types of water sports are practiced in Bahrain. Swimming is, of course, one of the most popular pastimes either in the hotel pools or at the beaches. There are two main clubs with swimming, tennis and squash facilities. There are two sailing clubs. Temporary membership can be arranged. Riding and golf are also possible.

Despite all the air-conditioning, the weather can be unbearably hot and humid, sometimes reaching 45 degrees Celsius with high humidity by August. It is advisable to take light clothing of natural fibers. Women should use discretion and avoid tight-fitting or revealing clothes in public, although Bahrain's attitude is more liberal than that of its neighbors. The winter is not unlike a European summer — minus all the rain. The days are considerably shorter in November, December and January, and sometimes the temperature drops below 10 degrees at night. There is also the shamal wind, which blows up a sandstorm occasionally, but these do not last long.

No trip to Bahrain would be complete without a visit to the souq (market) in Manama, through the Bab al Bahrain gate. There are many small winding streets sectioned according to the type of goods sold. Gold is sold by weight at the current market price with a little extra for workmanship.


Although not as cheap as in Hong Kong, tailor-made items are low-priced compared to European ready-to-wear.

**Excellent Buys**


Because Bahrain's electrical goods, watches and cameras carry little tax, they are also excellent buys. If you long for a piece of Europe, however, you can always visit Ishaq's department store for the latest delicacies or even visit the French bakery.



Unfortunately, there is little left of the old Bahrain. Should you be lucky enough to be invited to a traditional wedding, though, you might be able to sample some of the folkloric and musical delights. Pearl diving used to be the mainstay of Bahrain's economy before the discovery of oil, and Arabic songs often tell of the battles of the pearl divers and lament the passing of the industry.

This announcement appears as a matter of record only

  
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July, 1981

  
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**BUSINESS NEWS BRIEFS**

**Pan Am's Seawell to Take Early Retirement**

NEW YORK — William T. Seawell, 63, chairman and chief executive of Pan American World Airways, announced Tuesday after a meeting of the board of his troubled company that he will take early retirement by the end of this year, and that William H. Waltrip, executive vice president, will become president and chief executive of the airline division of Pan Am immediately.

Pan Am has been without a president and chief operating officer since the resignation last November of Dan Colussy. Mr. Seawell has been under mounting pressure from shareholders, employees, directors and a consortium of lenders to fill the position in an effort to staunch its massive losses. The announcement indicated Mr. Waltrip, 43, would have a free hand to run the airline.

**Dutch-Saudi Group to Build Bahrain Link**

MANAMA, Bahrain — After five years of research and competition among international consortia, the Dutch-Saudi company Bandar Bahari International Wednesday won the \$564-million contract for building a bridge link between Bahrain and mainland Saudi Arabia.

**Australia Approves MIM, Asarco Deal**

CANBERRA — MIM Holdings, the Australian mining group, has won its government's approval for a plan to raise its stake in Asarco, the U.S. asbestos and non-ferrous metals company, to 16 percent from 2 percent, Treasurer John Howard said Wednesday.

As a result of this move and Asarco's plan to cut its stake in MIM to 44 percent from 60 percent, MIM will be considered about 60-percent Australian owned for the purpose of developing local resources within foreign investment guidelines.

**Day Accepts Higher Hecla Bid**

WALLACE, Idaho — Day Mines accepted a sweetened takeover offer from Hecla Mining of 1.8 Hecla shares for each Day share, the two firms said Wednesday.

Hecla had previously offered 1.65 of its shares for each Day share in a bid, which Day opposed.

**British Car Sales Off 14.2% in June**

LONDON — British car sales in June fell 14.2 percent from a year earlier to 106,000, the lowest June level since 1977 and compared with 135,000 in May, Society of Motor Manufacturers and Traders figures showed Wednesday.

Sales for the first six months were down 8.2 percent at 798,000, also the lowest since 1977 for half year figures. The society said the latest results are in line with its overall 1981 sales forecast of 1.41 million cars, versus 1.51 million last year and a record 1.72 million in 1979.

It said June imports took 56.8 percent of the British car market versus 58.9 percent a year earlier and 51.5 percent in May. For the first six months, imports fell to 53.9 percent from 57.6 percent last year. The share held by Japanese imports stood at 11.2 percent for June and 11.3 percent for the first six months, compared with 10.6 percent for the first half of 1980.

Ford Motor, the market leader, held 31.5 percent of the June market, down from 36.8 percent a year ago. State-owned B.L., in second place, improved to 15.6 percent from 13.2 percent. For the first six months, Ford's share was 30.5 percent against 32.8 percent and B.L.'s 20 percent versus 17.9 percent.

**CFP Seeks Harbert Corp.'s Coal**

PARIS — Cie. Francaise des Petroles is negotiating to buy the coal interests of the Alabama-based firm Harbert Corp. for 1.7 billion francs (\$290 million), French Economy Ministry sources said Wednesday.

CFP declined to comment on the report. The sources said the terms of the deal had not been fixed.

**Few Antitrust Suits Filed Under Reagan Officials**

WASHINGTON — Justice Department officials, acknowledging that the Reagan administration has created a "more favorable atmosphere for mergers," have practically stopped filing major new antitrust suits.

Since March, when Assistant Attorney General William Baxter became chief of the department's antitrust division, only four antitrust suits have been filed, according to department records.

This compares with 25 filed by the Carter administration during the comparable period in 1977 and 14 brought by the Nixon Justice Department during the same period in 1969.

The four Reagan administration cases involve price-fixing charges against highway pavers in Kansas and Tennessee and resulted from investigations begun by the Carter administration.

"There's no question that businesses see a more favorable atmosphere for mergers and acquisitions," said one lawyer who specializes in antitrust law.

"In having to restrain the enthusiasm of some of my clients (for mergers) by reminding them that even if the government isn't likely to sue them, private firms still can," said the lawyer, who asked not to be identified.

Mr. Baxter said it was possible his predecessor, Sandy Livack, "pushed to get the decks cleared before he left. I simply haven't had many recommendations from the staff."

The antitrust chief has received fewer proposals for lawsuits because he and Attorney General William French Smith have indicated that they will reject proposals that might have been approved in the past, said the staff attorney.

Mr. Baxter has said he objects to several features of the Carter administration's antitrust policies, particularly those hampering mergers between firms in unrelated industries and "vertical" mergers, where a firm seeks to acquire another firm in a separate branch of the same industry.

The Carter administration's antitrust targets included such companies as Borden Inc., Armco Steel and Schlitz Brewing Co., while the Nixon administration sought moved against International Telephone & Telegraph Co., U.S. Steel Corp. and Crocker National Bank.

As the number of antitrust suits declines under the Reagan administration, the number of corporate mergers is increasing. Just this week, for example, Du Pont, the largest U.S. chemical company, announced a merger with Conoco, the ninth-largest oil company. The transaction would make Du Pont the seventh-largest U.S. industrial company.

**France Seeks To Close Rift With Mexico**

PARIS — France Wednesday announced a major effort to resolve a dispute with Mexico over oil supplies, which caused Mexico to cancel valuable industrial orders from France.

Several Cabinet ministers, including Foreign Minister Claude Cheysson and Trade Minister Michel Jobert, will go to Mexico City soon, a presidential spokesman said.

Cie. Francaise des Petroles, the French oil company, will also resume talks in Paris on July 16 with the Mexican state oil company Pemex over the oil contract at the center of the dispute.

CFP suspended its contract to take 100,000 barrels per day of crude oil from Pemex sought a \$2 dollar per barrel price increase. Pemex had earlier made a \$4 dollar cut to \$28 dollars a barrel but this drop provoked political criticism within Mexico.

Pemex retaliated against the suspension by canceling the contract and Mexico withdrew tenders for major national development projects from French companies.

These included an underground train system in Mexico City, nuclear reactors and car plants.

Mexico also said French participation in other major economic projects was at risk unless CFP revoked its suspension.

The Pemex-CFP dispute is part of a struggle between oil companies and producers over prices on supplies for the third quarter of this year. The world oil glut has forced free market prices well below the official ones charged by producers, but many producers have been unwilling to lower their prices.

Several other companies have announced suspensions of purchases from various countries, and some oil industry estimates say Mexico may have lost \$50,000 barrels a day of its normal exports of close to 1.5 million barrels a day.

Pemex officials Wednesday denied published reports that it had ordered a 700,000-barrel-a-day cut in oil production, in response to falling sales, Associated Press reported.

**NYSE Prices Weaker on Rising Rates**

NEW YORK — Prices on the New York Stock Exchange, dampened by rising interest rates, closed lower Wednesday but some blue-chip issues rebounded. Trading was moderately active.

The Dow Jones industrial average, which fell 4.87 points Tuesday at the close, it had been up more than two points at the outset and down more than seven points at midday. In the eight sessions prior to Tuesday, the Dow had lost 57.36 points.

The NYSE turnover amounted to about 46 million shares, compared with the 44.3 million traded Tuesday.

Prices were mixed in moderate trading of American Stock Exchange issues.

Analysts said the market was being blunted by rising interest rates and lack of institutional activity. With Citicorp leading the way, most of the nation's major banks raised their prime lending rate a half point to 20 1/2 percent, news that dashed an early stock market rally attempt.

The market was helped some as bargain hunters and investors replacing borrowed shares they sold earlier in hopes the market would decline. But the buying was not heavy.

On the trading floor, Prime Computer, which plunged 6 1/2 points Tuesday, was active and lower. The company, whose president has resigned, recently said it expects to report lower earnings.

Gold Inc. made the active list with a block of 104,400 shares at 29 1/2.

Conoco remained in the spotlight after its merger agreement with Du Pont.

Texagulf, which climbed 6 1/2 points Tuesday, attracted attention in trading that included a block of 14,000 shares at 53 1/2. Elf-Aquitaine of France has raised its offer for Texagulf to \$56 a share from \$50. The French company says it plans to sell Texagulf's Canadian assets to Canada Development Corp.

Cities Service, which denied speculation that it was involved in merger discussions, was lower in active trading.

**More Banks Lift Prime**

NEW YORK — Major U.S. banks raised their prime lending rate a half percentage point to 20 1/2 percent Wednesday, matching a level set last week and just one percentage point shy of the record.

The continuing high level of U.S. interest rates was one factor behind a fresh firming of the dollar, which improved on an already strong performance in Europe by surging in New York beyond Tuesday's high.

Gold continued to languish and slid to below \$400 in Europe for the first time in 18 months. It closed in London at \$398.50 an ounce, \$397.75 Friday but below Tuesday's \$406.50 close, dealers said.

Prices in the U.S. bond market resumed their slide under the pressure of a combination of heavy dealer positions and high financing costs aggravated by a lack of retail buyers in the market.

Citibank, the nation's second largest bank, followed the move by Chase last week to 20 1/2 percent and was joined by Manufacturers Hanover Trust, Morgan Guaranty Trust, Chemical Bank and Continental Illinois Bank & Trust.

Despite several predictions recently that the prime rate would be declining this summer, it has held, with few exceptions, to at least 20 percent for nearly two months.

The latest increases came after a two-day meeting earlier this week by the Federal Open Market Committee, the policy-making body of the Federal Reserve System.

The committee, which meets in secrecy, does not disclose what actions it has taken, if any, for at least a month. However, the impact of its decisions are usually apparent before it announces any new policies.

One factor keeping the prime rate high is the federal funds rate that banks charge each other for overnight loans of their reserves. Federal funds opened Wednesday at 18 1/2 percent, then rose to 20 percent. Dealers noted that the rate can be distorted on Wednesday as banks make up reserve positions for the end of the statement week.

In addition to the high interest rates, the dollar also moved on the foreign exchange market in Poland, which weakened the European currency, dealers said. There is a sentiment that it is set to rise still further, they said.

The dollar was quoted in New York at midday at 2.4775 Deutsche marks compared with an opening of 2.4663 DM and Tuesday's closing of 2.4525 DM.

Dealers said the announcement of the French government's economic program was in line with expectations and had little impact through some observers said news that it plans to proceed with the nationalization of 11 major industrial groups as well as private banks contributed to French franc weakness.

The dollar was being quoted in New York at 5.8615 French francs against an opening 5.8175 and Tuesday's 5.7895.

**Rothschilds In U.S. Move**

NEW YORK — The Rothschild family has engineered a management shake-up and financial restructuring of New Court Securities, a U.S. investment house controlled by the international banking dynasty.

Both moves are designed to leave the indelible stamp of the Rothschild family on the New York concern, which has functioned independently of its owners since its formation in 1967. John P. Birkeland, chairman and chief executive officer of New Court, and Charles L. Lea, managing director, have resigned under pressure.

Gilbert de Botton, who served as general manager of Rothschild Bank in Zurich, was named chief executive of the securities firm. Evelyn de Rothschild, chairman of N.M. Rothschild & Sons, the family's London bank, and Baron Guy de Rothschild, retired chairman of Banque Rothschild in Paris, will serve as co-chairmen of the concern.

In addition, the Rothschild family bought a 10-percent stake in New Court that was owned by Pierson, Helderling & Pierson, a merchant bank in Amsterdam. The purchase places nearly all shares in the securities firm in the Rothschild family.

The shake-up is viewed as transforming a New York securities firm into a European one. To strengthen that new identity, the family plans to change the name of the concern to one that incorporates the Rothschild name. In an interview, Baron Rothschild said, "The spirit is Rothschild Inc., whether that's the legal name or not."

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**Canada Charges Uranium Firms Plan to Restrain Trade Is Alleged**

OTTAWA — The Canadian government, which helped form a world uranium cartel in 1972, has filed criminal charges against six Canadian companies for allegedly restraining competition and trade in uranium within Canada.

The Ministry of Justice filed the charges Tuesday in a Toronto court five weeks after receiving a secret report from the Ministry of Consumer and Corporate Affairs.

Opposition parties, convinced that the government itself had operated outside the law, have been demanding that the report be made public. Minister of Justice Jean Chretien had refused to disclose the findings before charges were filed and, presumably, the report will now be released.

Among the indicted companies are two government-owned concerns, Eldorado Nuclear and Uranium Canada of Ottawa. The latter concern was formed in 1971 as an agent of the government to purchase, stockpile and sell uranium.

The other companies are Gulf Minerals Canada of Toronto, a unit of Gulf Oil Corp., Denison Mines of Toronto, Rio Algom of Toronto, owned mostly by the Rio Tinto-Zinc Corp. of London, and Uranerz Exploration & Mining Ltd. of Saskatoon, Saskatchewan, a subsidiary of Uranerzbergbau of West Germany.

The international uranium cartel was formed by Canada, Australia, France, South Africa and Rio Tinto after a ban by the United States on uranium imports in the late 1960s led to a sharp drop in uranium prices. The operations of the cartel led to Congressional investigations in the United States as well as suits by the U.S. government and several electric power companies for price-fixing. The unindicted conspirators include companies and individuals in the other countries that participated in the cartel.

In testimony before a House committee in 1976, Gulf Oil asserted that it had been obliged to participate in the cartel if its subsidiary was to continue mining operations in Canada. There was also testimony to the effect that Gulf would be immune from indictment in Canada. In the United States, Gulf was charged with a misdemeanor after pressure from Canada led the Department of Justice to drop a felony charge.

The Canadian government appeared to be making a distinction between participation in the cartel's operations to control production and sales of uranium on international markets, and the operations and effects of the cartel on the domestic market. Prime Minister Pierre Elliott Trudeau has declared that production control and sale on international markets were wholly within the government's powers.

One large Canadian company affected by a rise in uranium prices has been Hydro-Ontario, the provincially owned utility that buys large quantities of uranium for its nuclear power stations. Presumably, the federal charges for restraint of trade within Canada open the door for a civil suit by Hydro-Ontario.

Among the persons named but not indicted as conspirators were J.C. Runnalls, former senior adviser on uranium and nuclear energy in the Ministry of Energy, Mines and Resources, who is retired from government service, and Gordon MacNaught, another high permanent official in the same ministry with the title of assistant deputy minister.

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**Brock Sees Deepening U.S. Trade Deficit**

WASHINGTON — The U.S. trade deficit will probably worsen in the next 18 months due to the strength of the dollar, Special Trade Representative William Brock said Wednesday.

Testifying on U.S. trade policy before a Senate subcommittee, he said the dollar's strength is a sign that foreign nations believe the United States is getting inflation under control. But because a strong dollar makes U.S. products less competitive abroad, "it will be a difficult year under any circumstances," he said.

The U.S. trade deficit in May was \$3.44 billion, after a deficit of \$3.46 billion in April.

Mr. Brock also warned that U.S. companies can expect only limited government help in competing in international markets. Generally, the administration will intervene only in situations where foreign products are subsidized or the competition poses a threat to national security, he said.

"Where other nations have a natural competitive advantage, U.S. industry must either find a way of upgrading its own capabilities or shift its resources to other activities," Mr. Brock said.

"When the foreign advantage is based upon government subsidies and other trade-distorting practices," he added, "U.S. policy will be to enforce U.S. trade laws and to work to eliminate such practices."

A policy statement presented by Mr. Brock said the administration will attempt to renegotiate existing international rules on exports credits, reduce subsidies and bring export credit rates up to market levels.

"Import restrictions, subsidies to domestic industries, and other market-distorting measures should be avoided," the paper said. It did not rule out "adjustment assistance, which generally means helping displaced workers and firms to relocate."

Swiss Prices Up 0.6%  
BERN — The Swiss consumer price index rose 0.6 percent in May over May and the year-on-year increase was 6.3 percent, the Federal Office for Industry, Trade and Labor said Wednesday.

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Testifying on U.S. trade policy before a Senate subcommittee, he said the dollar's strength is a sign that foreign nations believe the United States is getting inflation under control. But because a strong dollar makes U.S. products less competitive abroad, "it will be a difficult year under any circumstances," he said.

The U.S. trade deficit in May was \$3.44 billion, after a deficit of \$3.46 billion in April.

Mr. Brock also warned that U.S. companies can expect only limited government help in competing in international markets. Generally, the administration will intervene only in situations where foreign products are subsidized or the competition poses a threat to national security, he said.

"Where other nations have a natural competitive advantage, U.S. industry must either find a way of upgrading its own capabilities or shift its resources to other activities," Mr. Brock said.

"When the foreign advantage is based upon government subsidies and other trade-distorting practices," he added, "U.S. policy will be to enforce U.S. trade laws and to work to eliminate such practices."

A policy statement presented by Mr. Brock said the administration will attempt to renegotiate existing international rules on exports credits, reduce subsidies and bring export credit rates up to market levels.

"Import restrictions, subsidies to domestic industries, and other market-distorting measures should be avoided," the paper said. It did not rule out "adjustment assistance, which generally means helping displaced workers and firms to relocate."

Swiss Prices Up 0.6%  
BERN — The Swiss consumer price index rose 0.6 percent in May over May and the year-on-year increase was 6.3 percent, the Federal Office for Industry, Trade and Labor said Wednesday.

Swiss prices were up 0.6 percent in May over May and the year-on-year increase was 6.3 percent, the Federal Office for Industry, Trade and Labor said Wednesday.

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AMEX Nationwide Trading Closing Prices July 8

Tables include the nationwide prices up to the closing on Wall Street.

Main table of AMEX Nationwide Trading Closing Prices for July 8, listing various stocks and their prices.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices including Chicago and New York Futures for July 8, 1981.

International Monetary Market

Table of International Monetary Market prices for various currencies.

Market Summary NYSE Most Actives

Table summarizing NYSE Most Active stocks.

Cash Prices July 8, 1981

Table of Cash Prices for various commodities.

Commodity Indexes July 8, 1981

Table of Commodity Indexes for July 8, 1981.

Dow Jones Averages July 8, 1981

Table of Dow Jones Averages for July 8, 1981.

Dow Jones Bond Averages July 8, 1981

Table of Dow Jones Bond Averages for July 8, 1981.

Standard & Poors NYSE Index July 8, 1981

Table of Standard & Poors NYSE Index for July 8, 1981.

Odd-Lot Trading in N.Y. Wednesday's New Highs and Lows

Table of Odd-Lot Trading in N.Y. and Wednesday's New Highs and Lows.

American Most Actives July 8, 1981

Table of American Most Active stocks for July 8, 1981.

AMEX Index July 8, 1981

Table of AMEX Index for July 8, 1981.

Dutch Industry Output THE HAGUE - Dutch industrial production fell 0.9 percent in May from April's level and was off 5 percent from a year earlier, the government reported Wednesday.

European Gold Markets July 8, 1981

Table of European Gold Markets for July 8, 1981.

London Metals Market July 8, 1981

Table of London Metals Market for July 8, 1981.

Paris Commodities July 8, 1981

Table of Paris Commodities for July 8, 1981.

Chicago Futures July 8, 1981

Table of Chicago Futures for July 8, 1981.

New York Futures July 8, 1981

Table of New York Futures for July 8, 1981.

Advertisement for 'The world at your finger tips.' by Tokyo Pacific Holdings N.V.

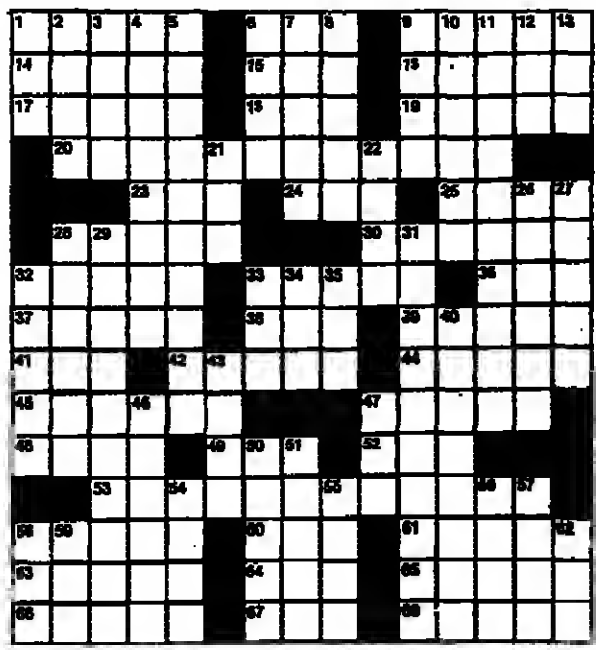
Advertisement for CASIO COMPUTER CO., LTD. (CDR) featuring Gold Options.

Advertisement for CORUM watches, featuring 'Maitres Artisans d'Horlogerie' and 'Les Spéciaux'.



CROSSWORD

By Eugene T. Maleska



- ACROSS
1 Library feature
6 Baydn's "Consummation"
9 Ann and May
14 Where Halicarnassus was
15 amnum
16 Farm units
17 Luck of the
18 "Little Spanish Town"
19 Cross the plate
20 Measuring scheme
23 "Girls"
24 That, to Tombs
25 Half: Prefix
26 Conserved
28 Like the Grand Canyon
32 Bury treasure
33 "row a boat?" (old pun)
36 Enzyme
37 Loan word
38 Noted critic of corporations
41 Writer Levin
42 Map feature
44 Ball-park parts
45 Neutralize
47 Abounding in avifauna
48 Craggy hills
49 He came in from the cold
52 Ten-percent: Abbr.
53 "weight (measuring scheme)
58 Kind of jelly
59 What a paltry slave wretched
61 A De Mille
63 Indira Gandhi
64 Uno, due, ...
65 Indian lotus
66 Car named for a type
67 Dollar bill
68 Something in Saartrickien
DOWN
1 Course in h.s.
2 Injure
3 Buffalo's county
4 Languid
5 Measuring scale
6 Millionaire opus
7 Import
8 Waiters' needs
9 Marquee names
10 Consent
11 Straddled on the boardwalk
12 Relative of 'er
13 Dir. from Tampa to the Everglades
14 Ending with left or right
15 Midding
16 "loves company"
17 Freezers
18 Sound system
19 Parts of chapeaux
21 Measuring unit
22 Small sandpiper
23 Lettuce variety
24 Administration tinged with fear
25 Kind of profit or weight
26 Hermetically sealed
27 Troop settlement
28 Reach for the stars
29 Soap
30 Pine
31 Eye: Comb. form
32 Montana group
33 Enough, old style
34 Precedent
35 French fool
36 But, to Caesar
37 Fam. member

WEATHER

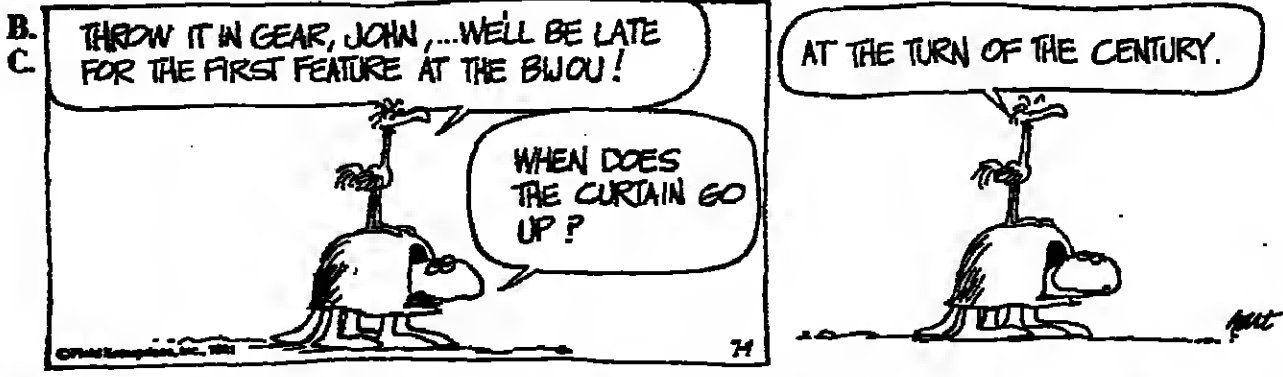
Table with columns for city, high, low, and weather conditions. Includes cities like ALBUQUERQUE, ALBUQUERQUE, ALBUQUERQUE, etc.

Headlines from the previous 24 hours.

ADVERTISEMENT INTERNATIONAL FUNDS

July 8, 1981

Table listing various international funds and their performance metrics, including Alliance Intl. Corp., Bank of America, etc.



JUMBLE word game section with a cartoon of a man painting a wall and a list of words to be formed from letters.

BOOKS

RIDLEY WALKER

By Russell Hoban. 220 pp. \$12.95.

Summit Books, 1230 Ave. of the Americas, New York 10020.

Reviewed by John Leonard

WHAT we have today is one of those very complicated modern novels, so greedy and so delicious, designed to prevent the modern reader from becoming stupid. Here is the problem, and the problem is language. Eusa complains: "It's on me all this blood."

Orfing replies: "Well it is in me. I mean if you hadn't opened up the Little Shyning Man the Addom and let out the Nos. of the Master Chaynjis of the Big 1 then if you hadn't put that knowing in that box..."

And Eusa is defensive: "If I hadn't some I else wadve done. Whyd the Hart of the Wud stan whyd it run? Whynt the Little Shyning Man hop it whynt he vack his way out of there dubb quick 1st time he ever seen me? Iwl tel you why is part of their game thas why. The Hart of the Wud and the Little Shyning Man the Addom they cant live without you get the knowing of them nor you cant get the open up the other. Then its on you jant. Heavy on your back for ever. Thas my last word this nite."

What you have just read is not an error in transmission. What you have been reading about is the death of nature, the killing of God, the rise of technology, the splitting of the atom and nuclear holocaust. "Eusa" certainly refers to the second-century St. Eusebius, now deemed apocryphal, who talked in the woods to a stag with a crucifix glowing like a neon sign, in its antlers.

Yes, indeed, I suspect that Hoban, in this stunning book, has invented a language in order to talk, not to the stag or to the St. Eusebius, but to the child he once was and to the children whose eyes shine in his private night. There were fathers before there was culture.

John Leonard is on the staff of The New York Times.

BRIDGE

By Alan Truscott

CONTROLLING slow play has been a simple matter for chess organizers since the chess clock was introduced more than a century ago. But it has been a headache for bridge organizers who ignored the problem for many years and then tried a variety of remedies.

In national championships and some other tournaments, the introduction of large clocks, showing the amount of time remaining for a round of play, has been a great help. Players who are repeatedly slow can be penalized. Games finish more quickly, and those who play at a normal pace are not delayed by a handful of snails.

The problem is much more delicate in major knockout team events, such as the Vanderbilt, the Spingold and the world championship. If a table is slow, it may not be clear which partnership is at fault. If a penalty is appropriate, what kind of penalty should it be? Some favor direct score penalties, which could affect the result of a match, while others favor calling the offenders in front of a committee with the possibility of a disciplinary penalty against individuals rather than teams.

An ingenious alternative has been suggested recently by Edgar Kaplan of New York, one of the world's greatest player-writers. It will be introduced experimentally at the 1981 Bermuda Bowl, scheduled in Port Chester, N.Y., in October.

If a table finishes beyond its allotted time, a timekeeper will be assigned to one of the pairs in subsequent matches. If they are proved to play slowly as a pair, they will be penalized. For a slight offense, they will be barred from playing in the next 16-deal session to be played by their team. A more serious offense might bar them for 32 deals. In some cases, the captain might be forced to split his partnerships, a very heavy penalty.

Bridge score table with columns for North, South, West, East and various deal numbers.



# NFL Players May Take Cue From Baseball's Strikers

By Bruce Lowett  
The Associated Press

NEW YORK — Now that the "unthinkable" has happened, it's not so hard to conceive its happening again. With a strike threatening to obliterate the entire baseball season, the prospect of a regular-season strike in the National Football League looms larger than ever. The issues are strikingly similar — freedom of movement and the players' desire to look at the big picture.

In baseball, the freedom is there and the players don't want to give it up. In football, the players don't have it but want it.

Baseball's owners are trying to increase the amount of compensation they would get for departing free agents; football already has an elaborate system involving numbers of draft choices as compensation and key to salary levels.

In baseball, some owners cry poverty and the players say "Show us the money." In football, some of the owners cry poverty and the players want a piece of the action: 55 percent of the gross receipts.

**Pay Scale**

Furthermore, Ed Garvey, executive director of the NFL players' union, is trying to establish a pay scale based on position and years of service with incentive clauses built into each contract to insure motivation.

Baseball was struck in 1972 at the start of the season, losing 13 days; the current strike is the first mid-season stoppage in any U.S. team sport. The 1972 strike and last year's one-week spring training walkout were considered by many as accidents of intertemporal justice, just as many felt pro football's brief training camp strike of 1974 to be a momentary aberration.

No way, the fans believed, could 650 major league baseball players vote to take away the national pastime. But they did.

No way, we once believed, could there be an autumn without pro football. This fall is safe; the collective bargaining agreement signed in 1977 expires July 15, 1982. But after that?

"There'll be a lot of give and take. We may lose some of the things we've already gained," predicts Robert Brazile, all-pro linebacker for the Houston Oilers.

"The way things look now, I think there will be a strike."

NFL players have the lowest average salary of any pro sport, less than \$80,000. The National Hockey League's average is \$145,000, baseball's is \$170,000 and the National Basketball Association's is \$200,000.

"With more free-agent movement," says Mark Moseley of the Washington Redskins, "we'd be able to top our average salaries comparable to other sports."

**Season**

Says Wally Huary, a Philadelphia wide receiver and the Eagle rep: "If the baseball strike goes over well, a football strike is a possibility. It's serious, real serious."

The players' union has begun massing a strike fund and the clubs' player reps met recently to assess the baseball strike and discuss their strategy. It is likely that, if the baseball strike is "won" by the players, pro football players will take the same tack a little more than a year from now, striking in mid-season rather than in training camp.

The freedom of movement baseball players are trying to hold onto is, in effect, nonexistent in the NFL. Since the present agreement was signed four years ago, only one player has managed to play out his option and sign as a free agent with another team.

Unlike baseball's Dave Winfield and Nolan Ryan, who had owners stampeding to their doors with seven-figure contracts, the Walter Payton and Lynn Swann of the NFL haven't had so much as a nibble.

In baseball, the New York Yankees' compensation to San Diego for signing Winfield was a first-round amateur draft choice, a kid who, in that hit-and-miss world, is as likely to bomb out in the minors as to become a big-league star.

In pro football, the most valuable of free agents would go for as much as two first-round draft choices. A first-round draft choice can turn out to be a "franchise" player like a Joe Namath or an Bud Campbell. NFL players, therefore, would love to reduce the compensation required when a free agent is signed by another team.

But Garvey has not hammered at freedom of movement as the key issue. He's looking at — and for — big money.

This year, each NFL team will receive \$5.8 million from television alone. That figure is likely to double when the league and ABC.

CBS and NBC sign a new contract following the 1981 season. And when cable television comes into the picture, the amount of TV income could shoot up even more dramatically.

According to Garvey, 28 percent of the owners' gross income is paid out in player salaries, compared with about 50 percent in baseball and 60 percent in basketball. He would like to see the football players' percentage increased to 55 percent, roughly what they were getting in the late 1960s, when the NFL was competing with the since-merged American Football League.

It is, of course, highly unlikely the owners will be willing to part with anything close to 55 percent of their revenues. As for fixed salaries, no figures have been agreed on. Garvey is talking about predetermined levels based on position and longevity and sweetened with individual and team-performance incentives.

"The first step is to have everybody agree with the concept," one that, Garvey says, eliminates hold-outs, renegotiation demands and some agents who demand everything but the owners' eye teeth.

Linebacker Stan White, the Detroit Lion player rep and a member of the union's executive board, acknowledges: "I don't think there is any question there will be problems, what with the owners getting new income that they don't want to share with the players. We feel it's only fair that we get our share of that money."

Even among the players, though, there is no unanimity. "I don't like the idea of fixed salaries," says Brazile. "I think the system should be the way it is now, but the players should have freedom of movement."

Although the solidarity of the striking baseball players could serve to unify the football union, the latter still has a built-in flaw, Garvey admits.

"Every year, 23 percent of our players are new," he says. "Job security is fantastic. . . . In baseball you have a core of starters who have careers of 10 to 15 years and more. It's not unusual for baseball to have players 25, 30 and older. We don't have that in football."

The owners, of course, are bracing for another showdown — and like the players they are taking a few cues from the baseball strike to establish their own united front.

For one thing, they are trying to line up strike insurance similar to the \$50-million package that baseball's club owners purchased from Lloyd's of London. Lloyd's and any other prospective insurer are apt to think long and hard before issuing such a policy. After all, the insurance purchased by baseball's team owners was essentially protection against a situation they could control.

The owners have also established for themselves a \$150-million line of bank credit. Each team, having paid out \$25,000 as a "premium," can borrow up to \$5 million in the event of a strike.



PLANT MANAGER — Baltimore Oriole Manager Earl Weaver, left, and groundskeeper Pat Santarone have lots of time these days to tend their tomato patch in Memorial Stadium's leftfield bullpen. Baseball or no baseball, the men have an annual tomato-growing contest.

# Red Smith Daniel: Fair Warning

New York Times Service

NEW YORK — Dan Daniel, a newspaperman to the end and maybe past it, wrote his own obituary to be used "in the event of my death, which is scheduled within the next 15 years."

Dan was 91 when the event came to pass last week, within the time frame he had scheduled. He was always meticulous about such details.

Daniel M. Daniel didn't go by that name in 1910 when he was sprung from City College and got his first newspaper job. He was Daniel Markowitz.

**Uncollected**

Anti-semitism hadn't gone into the closet in those days; the paper refused to use Markowitz as a byline and Dan's stuff bore the line: "By Daniel."

As time went by he came to be known as Dan Daniel, he was introduced by that name, mail was addressed to him thus. He told his immigrant father that it would make life simpler if he changed his name legally — but he wouldn't consider it if his father had any objections. Would he mind?

"Not at all," Dan's father said. "Markowitz isn't your real name, anyway."

It could be that Dan never did know what the family name was before it was shortened but that seems improbable. He was too good a reporter to let an obvious question go unanswered.

Dan was a sizable man, rather beavutiful, and if he wasn't a trifle round-shouldered he somehow gave that impression. He had a gravel voice which, together with an almost perpetual scowl, made him seem a perpetual growler.

In truth, he was warm-hearted and generous with a quick, if somewhat astringent, wit. As a deadpan toastmaster who could discourage a bombast at 60 paces, he was unexcelled.

Professionally, he specialized in baseball coverage, although he wrote college football and handled many other assignments in sport. He and Nat Fleischer founded Ring Magazine. Dan said he staged the first college basketball games in Madison Square Garden, not Ned Irish, who is usually credited with that promotion.

Though he was an all-round newspaperman, Dan regarded himself primarily as a baseball writer, and he was respected as such by his contemporaries. He had excellent news sources. There was a stock line in baseball press boxes that was heard almost every time a reporter came up with a scrap of news: "Daniel had it last week."

As a writer, Dan did not subscribe to the Hemingway school that prefers the simple. "He said," to "he declared," or replied, or re-monstrated or cried or growled, etc. Dan coined his own verbs: "He exuberated," or "He vengeated."

His frown may have been myopic. His rasping tone probably was the voice he was born with. His emphatic, dogmatic manner of speech was an acquired gift. Sometimes when he was holding forth on some subject, his friend Frank Graham would say: "Oh, Dan, stop vengeating."

In 1946 the American League and the All-Star Game, 12-0, with Bob Feller, Hal Newhouser and Jack Kramer combining on a three-hitter. The events that transpired yesterday in Fenway Park, Dan wrote, "clearly show that the National League is in imminent danger of becoming a minor league and unless immediate steps are taken . . ."

That fall the Cardinals whipped the Red Sox in the World Series, and although it went the full seven games, St. Louis was clearly the superior team. "The autumn classic," Dan wrote, "demonstrated once again that the National League has a distinct margin of superiority over the junior circuit. It is imperative that the teams in Will Harridge's organization look to their farms for new and exciting talent."

"Hey, Dan," a friend protested. "In July you stick it to the National League and in October you kick the Americans around. What is this?"

"I've warned them both," Dan said. "Now they're on their own."

16-14

During the Depression, when a loaf of bread cost a nickel and everything else was priced accordingly, Dan of the World-Telegram and John Drebringer of The New York Times caught a cab at the Englewood Station in south Chicago to check into the Del Prado Hotel with the Yankees. They had just come from Detroit.

"Cool," Drebringer said as they passed a market. "Tuna fish — 16 cents a can."

"Fourteen in Detroit," Dan said.

That's why "Ask Daniel" was one of the most entertaining features in the World-Telegram sports section. Readers sent in questions, mostly about baseball, and Dan replied.

Chances were he knew the answer most of the time. He responded all the time, in terms that left all doubt dead and partly decomposed.

Chances were he knew the answer most of the time. He responded all the time, in terms that left all doubt dead and partly decomposed.

Chances were he knew the answer most of the time. He responded all the time, in terms that left all doubt dead and partly decomposed.

# Alouettes Sign Lineman Gary, Top Steeler Pick

United Press International

MONTREAL — Continuing their raid on the National Football League, the Montreal Alouettes of the Canadian Football League have signed the Pittsburgh Steelers' top draft choice, 6-foot-3, 255-pound defensive lineman Keith Gary of Oklahoma.

Gary's signing Tuesday brings the number of U.S. stars added to the Alouette stable this season to five. Earlier they signed David Overstreet of Oklahoma, a Miami Dolphin first-round pick; former Los Angeles Ram quarterback Vince Ferragamo; former Houston Oilers wide receiver Billy Johnson and former Chicago Bear wide receiver James Scott.

Bill Putnam, the Alouettes' executive vice president, said Gary's was a one-year contract with an option year. His terms were not disclosed, but Gary's agent said the package was worth more than the Steelers had offered for four years and an option year.

# Leonard-Hearns Sept. 16

United Press International

NEW YORK — Sugar Ray Leonard and Thomas Hearns have officially announced they will meet for the universal welterweight championship Sept. 16 at Caesars Palace in Las Vegas. Leonard is the World Boxing Council champion; Hearns holds the World Boxing Association title.

# A Rite of Passage Sadly Impeded

By George Vecsey  
New York Times Service

NEW YORK — "My boys can't fall asleep without a baseball game on," a father was saying. "What am I going to do if this strike continues?"

We were chatting while his son pitched to mine in our local youth league game one recent Saturday.

"Every night we turn on the little portable TV in their room, and they watch until they fall asleep," the father said. "Later my wife and I tip-toe into the room and turn off the set."

In how many households is evening sleep being thus disrupted? It might seem like a frivolous issue, but it is not. Certainly more than any other sport — perhaps as much as any form of entertainment and culture — baseball helps shape the beliefs and behavior of young men.

The late Margaret Mead recognized baseball's role in a 1964 interview in which she said: "Baseball is to American boys what dressing and self-adornment are to American girls. Both are games, carried far beyond the necessities of life."

**Doing Her Hair, Playing His Sport**

"Spending hours doing her hair, putting it in rollers and sitting under a mechanical dryer convince the teen-aged girl that she is indeed a girl. Spending endless hours playing baseball, talking about baseball, reading about baseball is one way for American boys to convince themselves that they are boys."

As the women's movement grew stronger in later years, Mead would probably have applauded the youth league in my hometown, which has encouraged girls to compete with boys in baseball.

When my son's age group began taking first cuts at a rubber baseball six years ago, the enrollment was 10 percent girls. Now the Rachels and the Cindys have chosen other sports, other activities, while many sons in our town still play baseball — and used to fall asleep with a game on the television every night.

We fathers recognize the importance of baseball, just as anthropologist Mead did. As solemn as the tribal priests Mead encountered in her field studies, we supervise our sons' play every Saturday. At the age of 11, the boys are learning the game — if indeed it is a game.

# U.S. Judge Defers Sentencing Of Ex-Coach Convicted of Fraud

The Associated Press

ALBUQUERQUE, N.M. — A district judge Wednesday deferred sentencing for a year for former University of New Mexico basketball Coach Norm Ellenberger and said that, at the end of that period, all counts against him would be dropped. Ellenberger was convicted Tuesday on 21 of 22 counts of fraud and making false public vouchers.

Judge Phillip Baiamonte also placed Ellenberger on one year of unsupervised probation and did not require him to make restitution.

**Lambasting**

Before pronouncing sentence, Baiamonte lambasted major-college athletics in the United States.

"I'm being asked to sentence a man who was only one cog in the entire machine called 'college ball.' I'm being asked to sentence a man because he got caught, not because his conduct was unacceptable," Baiamonte said.

The judge said he would not be a party to such "hypocrisy."

He said Ellenberger had been in a "high-pressure" atmosphere. "Naturally, rules and laws were broken. Is anyone really surprised? This is a problem that probably exists at every major college and university in the country."

**... But Professional**

The judge characterized major college sports as "minor league but professional."

He said, "All the money [referred to in testimony in the trial] was used by the defendant to keep athletes happy or recruit them in the first place."

The former coach, who was as well known for his court-side antics as his winning teams, could have received maximum sentences of 18 months in prison on each of the 21 counts, all fourth-degree felonies.

"I'm certainly pleased with this part of the trial," said Ellenberger. "Some other parts did not enthrall me too much."

Asked whether he still plans to appeal his convictions, he replied: "Oh, of course, I'm not guilty. The compassion of the court didn't change that. I don't agree I should have been sentenced at all."

The seven-man, five-woman jury found Ellenberger not guilty on one count of fraud over \$2,500, a third-degree felony charge carrying a maximum penalty of three years in prison.

Ellenberger, 48, was indicted by a state grand jury in May, 1980, on 12 counts of making false public vouchers, one count of fraud in excess of \$2,500 and nine counts of fraud in excess of \$100.

He also was indicted by a federal grand jury in 1980 on five counts of mail fraud, one count of interstate travel in aid of racketeering enterprises and one count of wire fraud. He was acquitted on all seven counts at a trial last summer.

The state and federal charges arose from investigations into the UNM basketball program, triggered by a recruiting scandal that eventually led to Ellenberger's firing at the outset of the 1979-80 season and shattered what had been considered one of the nation's strongest basketball programs.

Norm Ellenberger  
... I don't agree I should have been sentenced at all.

The voucher counts in the state indictment alleged that the former coach illegally filed 12 travel vouchers for trips he never took. He allegedly was reimbursed by the school for travel expenses in nine checks.

The state charge on which Ellenberger was found innocent alleged he cheated his former assistant coach, Charlie Harrison and/or the school's athletic booster club of \$3,000.

Baiamonte said the ideal situation would be for the nation's colleges and universities to get out of the business of conducting professional athletics and go back to the academics for which they were established.

He added that if athletic programs are so entrenched, colleges and universities should at least be honest enough to admit they are "conducting professional games."

Ellenberger's attorney, Leon Taylor, said he thought Baiamonte "showed keen insight."

**Transactions**

**BASEBALL**  
AMERICAN LEAGUE  
CHICAGO — Signed Jim Burt, pitcher, and assigned him to Edmonson of the Pacific Coast League.

**BASKETBALL**  
National Basketball Association  
DENVER — Announced that Alex English forward had agreed to terms on a multiyear contract.

**FOOTBALL**  
Canadian Football League  
MONTREAL — Signed Keith Getty, defensive end, to a two-year contract.

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